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The Resource
For Marketing
Executives

PLUS

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THE LIFER:
Dave Burwick,
Pepsi-Cola

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The Resource for Marketing Executives

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> "Our legal department doesn't allow us to use the word *green*."
>
> –Sandi Kayse, Toyota's national car advertising manager

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WEBCAST

> Every place you look in marketing today, you see **more failure than success**. Marketing Management Analytics recently reported that **for every $100** invested in advertising for a specific product, **the return is only $58**. Customer satisfaction across a broad range of industries is only 74%. The fact is: **Failure is rampant.**

– **Kevin Clancy**, author of **Counterintuitive Marketing**, in *CMO*'s Innovative Influencers webcast series. Watch the entire 30-minute interview at *www.cmomagazine.com/webcast*.

ANALYST VIEW

The Seven Deadly Sins of Website Globalization

1. **Myopia**
2. **Gluttony**
3. **Ignorance**
4. **Hubris**
5. **Greed**
6. **Sloth**
7. **Miserliness**

Excerpted from an Analyst View column by Donald A. DePalma of the Common Sense Advisory.

www.cmomagazine.com/analyst

BLOG: COLLATERAL DAMAGE

And, in a Nod to Bipartisanship...

von Hoffman

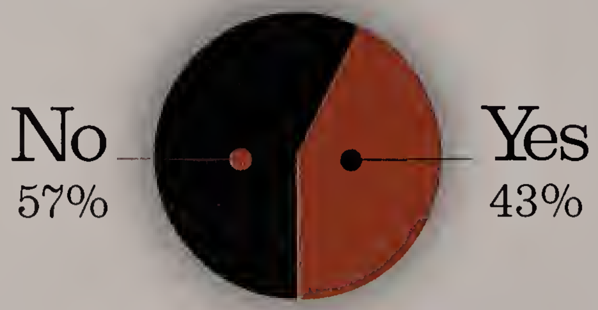
Wanting someone who could speak authoritatively on the subject of childhood obesity, Nickelodeon has signed up no less an expert than former President Bill Clinton. *MediaWeek* reports that Bubba will be paired up with SpongeBob SquarePants in a campaign to wean kids off junk food. It's a good choice as Bill is certainly an expert in the field. He was alleged to occasionally stop by McDonald's when he went out for a jog. So he clearly knows what it means to give in to temptation...and he ate a lot of junk food too.

–From Collateral Damage, a blog by *CMO* Senior Writer Constantine von Hoffman

CMO POLL

Is online marketing a distinct division of your marketing department?

Take this week's poll, and see how other marketers have voted on current issues.



SOURCE: CMO Poll, Oct. 4-10

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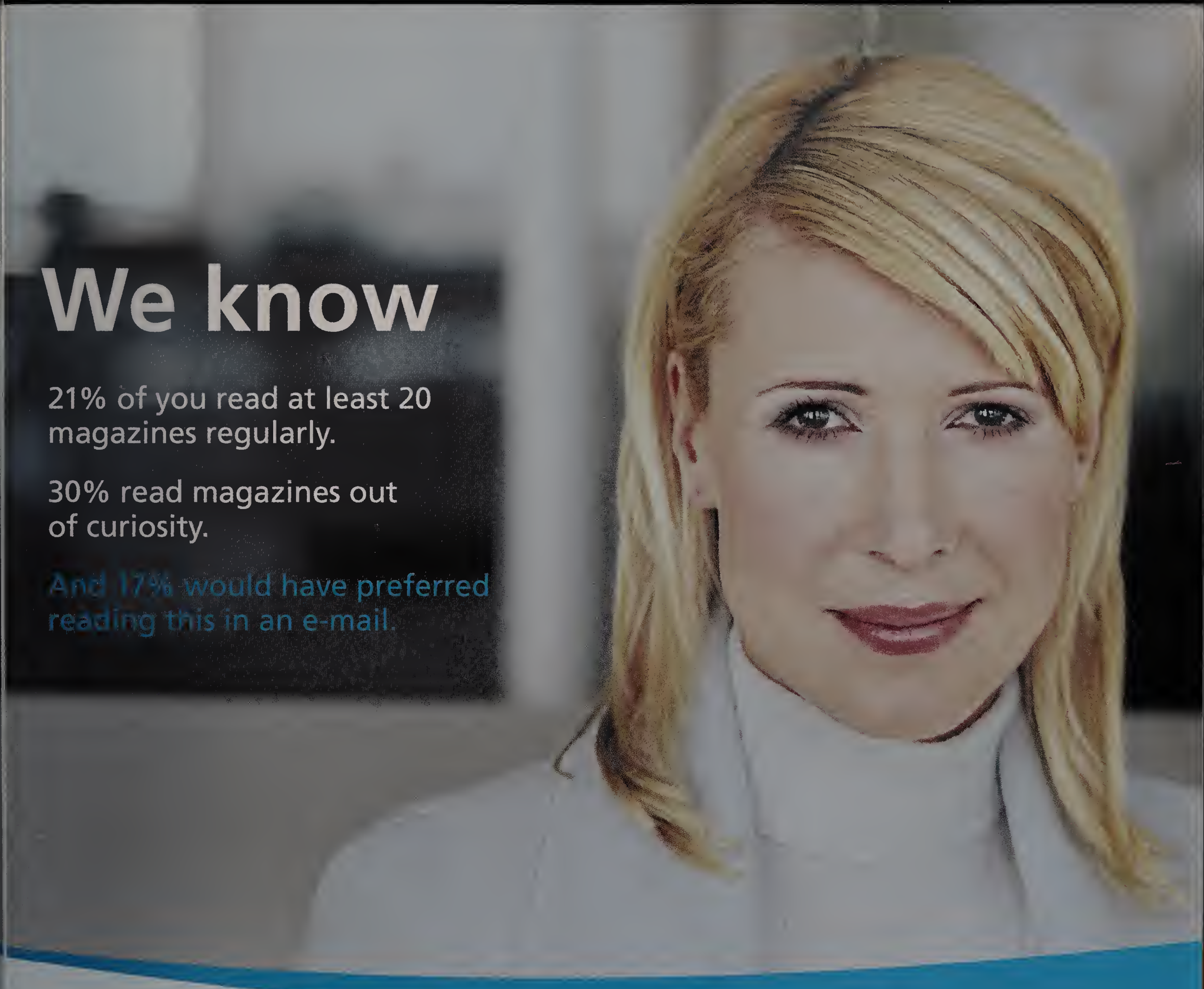
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Building a Better Brand Experience
» Making a B2B connection through experiential marketing.
» Is an "anti-brand" strategy right for you?
» Charlotte Beers on the power of genuine communication.
W

Building Brand Empathy

Last month's "anti-brands" feature served up a reminder of the need to cultivate customer affinity. October's look at the brief tenure of CMOs inspired suggestions on how to beat the odds.

WHAT THE BRANDS you mention have in common ["Opposites Attract," November] is that their customers get to physically and emotionally experience their "traits"—whether traveling on a plane (Song), riding in a car (Mini) or staying at a hotel (W). For my company, the trick is to create a lifestyle brand when customers mostly interact with us online. The challenge is to transcend this limitation so customers develop an affinity for the brand. The key is to make customers feel we truly care about their experience, in the same way that managers at the W hotel or Mini dealers empathize with their customers.

JOSH GROSSMAN
Cofounder
Beyond Blossoms

Tenure Track

SHORT CMO TENURE might be due to the fact that many marketers don't understand their customers ["Baby Steps," October]. Many companies still take a product-oriented, not a market-oriented approach: They're selling products and services that, from the point of view of the consumer (or the B2B customer), have little or no value. If CMOs led market-oriented departments that could truly influence everything from new-product development to advertising, they might keep their jobs longer.

JIM NORMAN
Creative Director
The Norman Agency

IT'S BECOMING widely accepted that the most effective measure of marketing ROI is the impact on sales. The CMO can significantly increase tenure by aligning with and supporting the sales organization. I don't mean just blindly following what sales wants but demonstrating how marketing can affect short-term and long-term sales objectives. Make the head of sales your fan and they'll never *let* you leave.

VIJAY KANAL
Principal Consultant
Kanal Consulting Group

Art or Science?

MARKETING IS AN ART, not a science (though an art that does need to use some scientific and mathematical methodologies). One reason marketing is not delivering the business growth it should ["Growing Pains," October] is that everyone is trying to measure everything. This ROI mentality is causing marketing to go down the drain.

Too many "experts" are making too much money postulating the need to measure. But until someone can show me the ROI on a brilliant idea or a unique positioning strategy, I shall remain an artist and not a scientist.

STEVEN HOWARD
President
Howard Marketing Services

I SPEAK WITH an average of six CMOs every day of the week, and I have not spoken to one in the last several years who has the luxury of being "left to his or her art." As Procter & Gamble has long said, the role of business/marketing is to solve people's problems at a profit. Understanding customer needs and delivering products, services and promises that meet or exceed these needs is achieved through a disciplined and scientific approach to product strategy, communications and relationship development.

None of these processes exclude creative and artistic approaches to solving customer problems. An anonymous ad executive once said, "I wish I had the freedom of a tightly defined brief." Science gives us the freedom to be an artisan in marketing—not the other way around.

GARY MORRIS
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from the **editor**

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PHOTO BY TRACY POWELL

Blogging in the Wind

BLOGS ARE THE MOST overhyped phenomenon of 2005. How do I know this? Because Google has never lied to me.

Google search results
(give or take a few million, depending on the day):
Blog: 471 million
Wiki: 198 million
iPod: 175 million
Podcast: 62.2 million
ROI: 61.1 million
Saddam: 46.7 million
"George Bush": 25.2 million
"Desperate Housewives": 8.73 million

Despite the hype—or maybe because of it—I'm not fully convinced of the value of blogs. Yes, they are a wonderful outlet for all those voices in the wilderness. They are a terrific forum for sharing ideas and opinions. They are a nice counterbalance to traditional journalism, providing much-needed checks and balances to big media. But keep this in mind: Bloggers have agendas too. Many are harmless (and interminable) exercises in navel-gazing, but others are pursuing a cause—noble or otherwise—and can twist the facts to suit their story just as much as they accuse mainstream media of doing.

CMOs have two reasons to care about blogs: reputation and promotion. Consider all the customers, stockholders, employees (current and former), competitors and others who are now empowered to say things about your business in an open and easily shareable forum.

To paraphrase one of my favorite sports clichés: You can't stop blogs; you can only hope to contain them. But be careful how you attempt to do so. The temptation is to discredit bloggers who are saying bad things about your company. Already I'm hearing of marketing service providers offering to "take out" unfriendly bloggers with a counteroffensive of negative attacks. Smart CMOs won't shoot the messenger; they will invest resources to understand why the blogger has formed a negative opinion of their company and then address the problem.

That leads to the next challenge: how to inject your marketing messages into the blogosphere without being overtly promotional. Blogs serving as thinly disguised advertising channels are doomed to severe ridicule. Some companies are taking a more subtle route by encouraging employees—in some cases, all the way up to the CEO—to blog, in an effort to reach out to customers and help shape the debate. Not everyone, however, believes blogs are a good use of employee time. I recently spoke with one corporate PR executive who is not encouraging senior management to blog for a simple reason: the commitment required to write one.

I haven't started my own blog for that reason: I just don't have the time. I suppose it's inevitable, though. After all, I don't want to miss out on the latest certified Next Big Thing. And my belly-button is ripe for some introspection.

Rob O'Regan

ROB O'REGAN, EDITOR IN CHIEF
roregan@cxo.com

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☐ Build brand awareness
☐ Generate leads
☐ Improve customer loyalty
☐ Retain valuable customers

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☐ Television
☐ Internet
☐ Direct Mail
☐ Newspaper
☐ Radio
☐ Outdoor
☐ Other

What is your role in your company/department?

☐ Advertising
☐ Sales
☐ Marketing
☐ Strategic Planning
☐ Public Relations
☐ Senior Executive
☐ Direct Marketing

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DID YOU HEAR THAT?

EDITED BY ELAINE M. CUMMINGS

CAMPAIGN STRATEGY

The **Bottom** Line

PHOTO COURTESY OF DOVE

IT'S BEEN TOUTED ON *Oprah*, lauded on *Ellen* and relentlessly debated in print. That photographs of six everyday women celebrating their "real curves" would spark such heat speaks volumes about why Dove's Campaign for Real Beauty has been so successful.

The campaign arose from a 10-country study of more than 3,200 women that Dove conducted with Harvard University and the London School of Economics to learn about women's views on their own beauty, says Phillipe Harosseau, director of marketing for Dove. Only 2 percent found themselves beautiful, and being inundated with media images of Barbie-doll beauty made them feel even worse about their looks. That finding would hardly be news to many women.

Therein lies the resonance of the campaign. "We're almost the only normal kid on the block," says Mike Hemingway, global managing director at Ogilvy & Mather for the Dove account. "Most media images are exclusionary: '*You'll* never look like this,'" he says. "We say, Everyone is welcome."

It's the difference between change borne of fear and improvement inspired by optimism, says Daryl Fielding, global category partner at Ogilvy. Dove's message is "'Take care of yourself, doll yourself up a bit...but don't conform to what everybody is telling you is the one idea of beauty.' We're against feeding on women's insecurity," says Fielding.

Real Beauty is likely most identified in consumers' minds with two thrusts of the campaign. The "tick box" campaign invited viewers to vote on stereotypes of beauty. Even more attention-grabbing was the "Real Curves" campaign for firming products, featuring six nonmodels clad in white bras and panties.

The Campaign for Real Beauty is truly a global effort. "We're now in almost every country in the world," says Hemingway. Receptivity for the campaign is owed to the stereotypes that only thin and young is attractive, a sentiment now shared the world over. "In China, age *used* to be wisdom," he says.

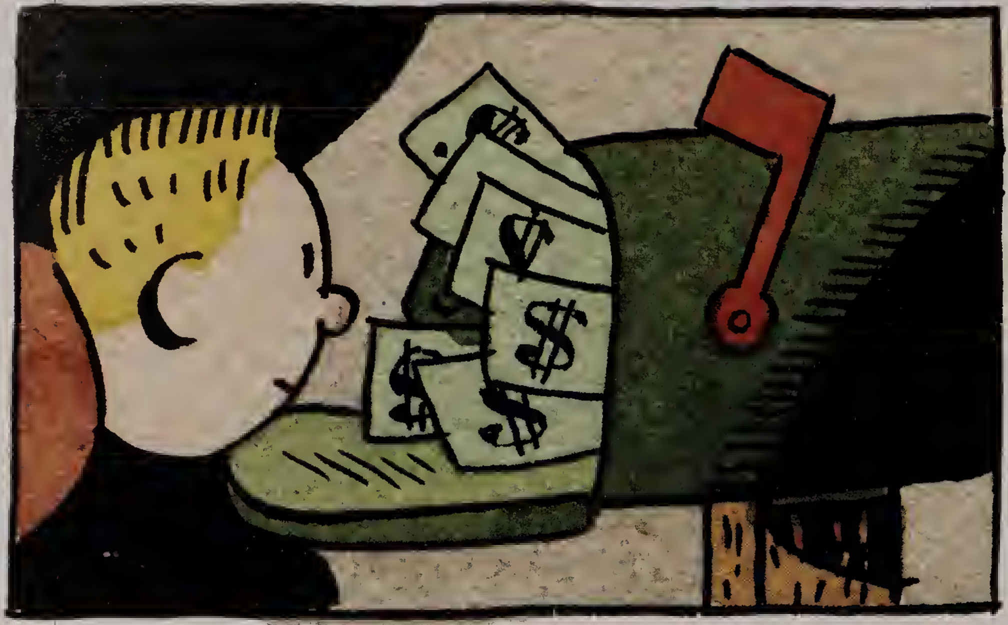
Following the launch of the **Campaign for Real Beauty,** market share for Dove's firming products grew from **7.4%** to **13.5%** in the six biggest markets (the U.K., France, Germany, Italy, the Netherlands and Spain), exceeding its objectives. Sales in the U.K. showed an immediate increase of **700%**.

SOURCE: Ogilvy & Mather

Still, regional issues do exist. Before moving into a new area, the company does qualitative research to discover local beauty stereotypes and sensitivities. "In Brazil [the stereotype is] if you have dark curly hair, you should be in the kitchen," says Hemingway. In places such as Japan and Taiwan, women undergo plastic surgery to create a second eyelid.

One thing is certain: With awards including a Grand Prix Effie win for "Real Curves" in Europe, a reported spike in sales across the brand and an avalanche of publicity ("It doesn't hurt when Oprah Winfrey says, 'Buy Dove,'" Hemingway notes), Dove's bottom line is probably looking "really beautiful" these days. —*Diann Daniel*

CMOism The greatest leaders don't rule; they inspire. Don't tell people how to do things, just tell them what the goal is and let them surprise you with their results.



DIRECT MAIL

X, Y and ZIP Codes

The mailbox continues to thrive in the digital media age

The "Gen X, Gen Y and the Mail" study commissioned by the U.S. Postal Service examined the attitudes of Generation X and Generation Y toward mail and found that young people read and respond to mail just like their older counterparts.

The Gen X-ers—defined in this study as being born between 1965 and 1972—make up roughly 17 percent of the population. Gen Y-ers—defined as being born between 1977 and 1994—make up about 25 percent of the population. The study examined how mail fits into the high-tech lives of young consumers despite emerging trends in new media channels. The findings conclude that the two groups are likely to respond to mailbox material such as flyers, circulars, catalogs and newsletters sent through the mail.

"To effectively reach this younger generation of Americans, whose lives are being shaped by digital media, marketers must deliver smarter, more sophisticated and relevant messages and must use the right media channel to drive their messages," says Anita Bizzotto, CMO for the U.S. Postal Service.

The study's findings show that more than 85 percent of these consumers bring in the mail the day it is delivered, and most sort through their mail immediately. They feel comfortable searching for products online, but more than half said they keep catalogs for an extended period of time and browse through them repeatedly. "Mail gives marketers the unique ability to make a physical connection with these young adults," says Bizzotto. "It gets their attention and builds brands with them."

The key findings:

› Young consumers rate 75 percent of the mail they receive as valuable.

› 58 percent of Gen X and 66 percent of Gen Y prefer mailed bills to manage finances.

› Both groups prefer mail for financial services offers.

› 53 percent of Gen X and 60 percent of Gen Y who shop for credit cards online are more likely to respond to mail offers than e-offers.

› 70 percent of Generation X and Y are more likely to open and read credit card offers in the mail than by e-mail.

–Elaine M. Cummings

SURVEY

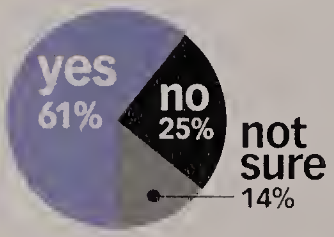
Trending Upwards

In *CMO*'s quarterly survey of marketing trends, we found spending, clicking and chicanery on the rise.

$35.5M The average total advertising budget reported by survey respondents in September 2005. Six months prior to that, the reported average budget was $13 million less, at $22.5 million.

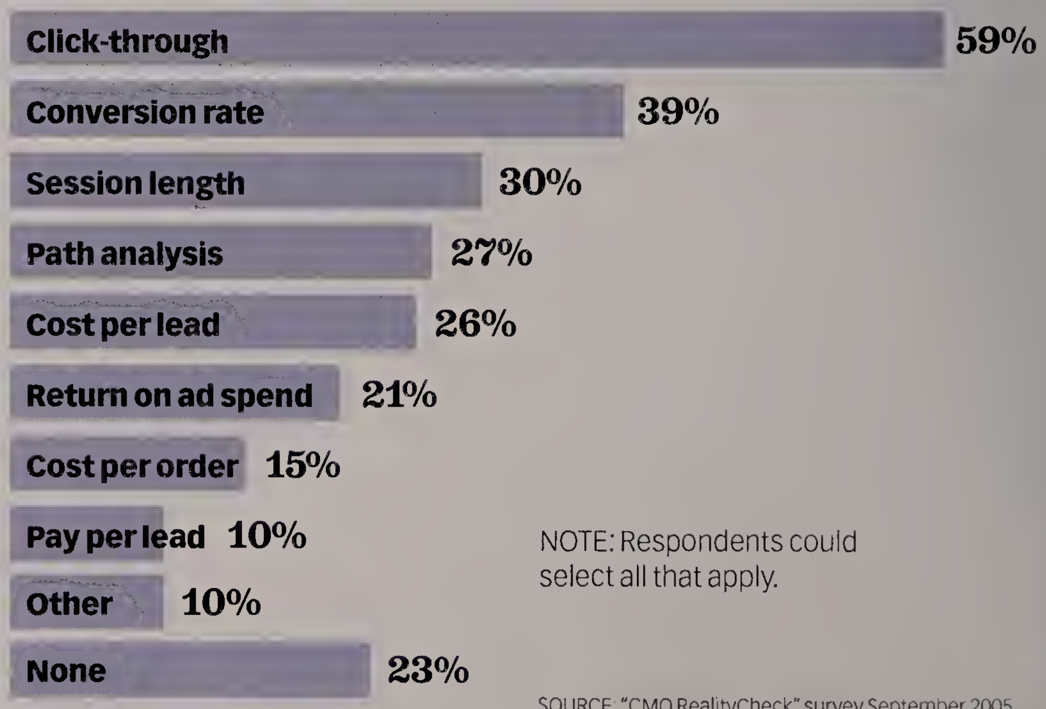
Muddy Waters

Are the ethical lines between editorial content and product placement content starting to blur?



Web Watch

What online metrics do you track?



NOTE: Respondents could select all that apply.

SOURCE: "CMO RealityCheck" survey September 2005

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CMOism **Some think the road to success is short. But the real efficiency in work comes from knowing your facts and building upon the foundation of that knowledge.**

CMO SNAPSHOT

On a **Roll**

SOME PEOPLE ARE BORN MARKETERS, and others have marketing thrust upon them. The latter is the case of Paul Gannon, who heads up marketing for Albertsons, the second-largest grocery chain in the United States. If the Albertsons name doesn't automatically ring a bell with you it's because many people are more familiar with one of its subsidiaries: Acme Markets, Bristol Farms, Jewel-Osco, Osco Drug, Sav-on, Shaw's and Star Market. Gannon started in IT consulting, which is how he found his way to Shaw's Supermarkets, the Northeast chain Albertsons bought in 2004. At Shaw's, he served as CIO and CFO before being named CMO and then progressing to CEO. After Shaw's was bought, Gannon became Albertsons' CMO before taking his current position as the company's executive VP of marketing and food operations.

PAUL GANNON, Albertsons executive VP of marketing and food operations, has seen supermarkets from both the IT and finance sides.

Any jobs at the C level you haven't held?
I'm running out of letters to go with C and O. That's going to be a career limiter for me.

Going from IT or finance into marketing isn't exactly a standard career path for a CMO. What was the biggest challenge for you in doing that?
Before getting into marketing, I tended to view balancing sales and brand building with profitability as being simpler than it really is. One of the big things is learning how to bring those things together. There were actually more elements that were common to the three jobs than that weren't. All of these jobs, though, start with building a highly functional organization and a strong team. And in all of them, you need to use analytics to drive decision making. You need to have bright people who are very used to dealing with research and analytics.

How did the skills you learned in finance and IT help you in marketing?
We launched a loyalty card soon after I took over as head of marketing. And, as you would expect, it had a heavy IT and finance component. It was a fairly basic step, however. I was very comfortable helping to drive that initiative forward—capturing the data on customer segmentation and really using the information to drive the business. And then we used that data to tailor things like store format, promotions and direct-mail campaigns.

Analytics are clearly important, but what about that need to trust your instincts?
At every senior-level job in a company, you have to balance fact-based decision making with experiential decision making. I think that's what separates successful marketing people and financial people from the rest. You can never base decisions solely on analytics or solely on gut instinct. I think having a broad base of experience that lets you balance the two is what ultimately makes for a successful organization. I'm very comfortable making decisions with relatively few facts when there's a need to move quickly, and in this business you have to move quickly a lot.

What do you do to make sure finance, IT and marketing work together?
First, you have to establish an atmosphere of teamwork. Be careful that you don't put your department's functional needs ahead of the rest. Second, there's often a tendency to ask for solutions when dealing with IT that are well beyond that department's capabilities. So there's a responsibility on the part of marketing to work jointly on IT projects in order to shape deliverables so you can get them completed more quickly. If an IT project is late or doesn't meet the deliverables, I think it's marketing's responsibility more than IT's. We've been able to achieve simpler and faster solutions by focusing on what's really important in the next two to three years and admitting that it's almost impossible to know what lies ahead five to 10 years from now.

What surprised you the most about marketing?
The fact that marketing isn't an isolated discipline; it's something that has to be tied into the very fabric of the organization. Particularly in a supermarket. The top 30 percent of our shoppers are in our stores once a week or even more. Every time they're in the store they're making a decision about the brand, and we have to deliver a quality experience every time they're in the store.

—Constantine von Hoffman

Online Extra » **cmomagazine.com**
For the full interview, go to *www.cmomagazine.com/read//120105/roll.html.*

PHOTO BY GLENN OAKLEY

Ironically, adding radio
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A new consumer research study by the Radio Effectiveness Lab found swapping out one of two TV ads for two radio ads boosted brand recall by 34%. Replacing one of two newspaper ads with two radio ads almost tripled recall.* Talk about a clear case for synergy. For the full report citing the benefits of adding radio to your mix go to http://www.radioadlab.org. Or email us at marketing@rab.com. We'll turn you on to the power of radio advertising.

One Part Inspiration

How to create a culture that values both disciplined analysis and intuition

BY JIM LENSKOLD

HAVE YOU SEEN THE television show Numb3rs? Based on real cases, an FBI agent taps his math-genius brother who, in turn, uses probability, logic and complex equations to manipulate data and uncover information that helps the duo solve the crime. One brother delivers the disciplined analysis to uncover critical intelligence; the other provides the wisdom that puts the analysis into context. Together, they generate the insight necessary to solve that week's wrongdoing.

Intuition—the act of knowing or sensing without the use of a rational process—represents our individual experiences blended together to represent what we "know" without understanding exactly why we know it. Everyone has intuition and everyone uses it from time to time, but what role should it play in business and marketing decisions?

Consider the best-selling book *Freakonomics* by Steven Levitt and Stephen Dubner. Here you have countless insights derived from data analysis that go against conventional wisdom and intuition. The authors apply various forms of econometrics to crunch reams of data into meaningful conclusions: that swimming pools are a greater threat to children than handguns, for instance, and that the decrease in crime rates is driven primarily by the legalization of abortion. As the book implies, there is truth in the data that not only goes against what we might believe, it goes against what we truly want to believe.

I recently conducted research in conjunction with MarketingProfs.com, in which marketers were asked, "Which best describes your company's typical approach to launching new marketing campaigns?" Of those surveyed, 47 percent reported that typically "campaigns are rushed to market based on the limited intuition of a few key people." The other responses included the following:

- "Campaigns are assessed against a large team's intuitive knowledge" (24 percent)
- "Campaigns' creative/concepts are tested in qualitative research" (13 percent)
- "Campaigns are first tested on a small segment of the target market audience for a quantitative assessment" (11 percent)

The responses don't suggest whether the use of intuition is good or bad, but they reflect the prominent role intuition plays in the decision-making process.

> **Intuition comes from experience and knowledge.** When you don't share information about your success and failures , you can easily take away the wrong conclusions.

I recommend to CMOs that they use three key principles to create a culture that values both disciplined analysis and intuition. First, make sure to balance strengths in intuition with the analytic and measurement capabilities necessary to uncover the hidden facts about customers, marketing impact and expected outcomes. As a rule, the marketing organization should have business intelligence and analytic experts who regularly interact in a two-way dialogue with their strategic counterparts. That way, the analytic team can benefit from the intuitive input that gives their findings context.

Next, assess the intuitive component of key marketing decisions. Ask yourself and your team what facts would validate or dispute your current direction. You want a culture that is ready to accept data even if it contradicts current beliefs. Understand how your marketing will ultimately lead to the achievement of business objectives and detail what metrics will be early indicators of remaining on track. In the absence of the necessary data, leverage the collective intuition of many qualified individuals with different perspectives, then capture data that will support similar decisions in the future.

Finally, improve your team's intuition by sharing insight. Intuition comes from experience and knowledge. When you don't share information about marketing success and failures, you can easily come to the wrong conclusions. Additional measurements and analysis are desperately needed within the marketing discipline. Bring together the analytics and insight to communicate information in the right context.

Companies that are fortunate enough to have a team of researchers and marketing analysts will often find that those individuals believe they are the unheard voice of the marketing organization. Yet these number-crunchers may just hold the key that can unlock huge marketing opportunities.

Can you build the collegial relationships that makes the *Numb3rs* team so successful? You'll need mutual respect, an appreciation for a very different mind-set, the ability to listen to information and ideas that may go against either logic or intuition, and the willingness to sit down at the table together when you've solved the challenge of the day.

Jim Lenskold is founder and president of Lenskold Group *(www.lenskold.com)*, a consultancy that focuses on marketing ROI measurement and management. Please send your comments to *cmofeedback@cxo.com*.

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Same Customer, Different Channel

Capturing channel-hopping consumers requires consistent messaging and a unified brand

BY MICHELE FITZPATRICK

PICTURE THIS: A customer sees your ad or receives your promotion, and is inspired to research your product online. She quickly locates relevant information thanks to consistent online/offline branding, then opts in to receive communications that are targeted and compelling. Ultimately, she makes a purchase.

A few days later, the customer has a question about the product and begins an online self-service process. She determines that one-on-one attention is necessary and dials your call center, where a representative picks up her online data and effortlessly completes the service process.

This scenario is sadly atypical. Even companies with mechanisms in place to deliver seamless and consistent communications across all channels often fail to do it effectively.

The truth is that it takes more than technology or great creative to fix the multichannel marketing problem; it takes customer optimization—the process of creating and sustaining better customer relationships to drive incremental profitable behavior. To do so requires increasing the organization's awareness of who the customer is, leveraging knowledge of existing customers to create new ones and communicating relevant messages to each customer consistently across channels.

Customers expect marketing, sales and service to move freely between channels, and to always occur through their channel of choice. Why? Because customers themselves are multichannel communicators, and they expect the companies they buy from to be the same. Meeting that expectation means breaking down organizational barriers and unifying the voice of your brand.

Customers consider every communication to be a part of their overall experience with an organization. So creating a coherent customer experience across all touch points requires a multichannel approach to inbound and outbound communication, and that requires the work of a cross-functional team.

I recently worked with one company that built such a team, with great results. Management gathered leaders from across the organization and created a group charged with ensuring a consistent message to customers and the smooth movement of information across all channels. To do this, the team communicated and planned openly across silos, and included relevant vendors in discussions. Now, with work under way, they are creating a better customer dialogue.

> Even **companies with mechanisms** in place to deliver seamless and consistent communications across all channels **often fail to do it effectively.**

A truly multichannel company also presents a unified brand voice, which promotes the concept of singularity—the perception that there is no product or service on the market quite like yours. To accomplish this goal means making that message homogeneous in every channel, throughout the customer lifecycle.

Consistent messaging is especially important in the creative execution of marketing communications. How to achieve that? Start by ensuring that creative teams are delivering a look and feel across all channels that your customers can easily identify as uniquely yours.

Ask questions to make sure you're getting the consistency you need: Are the concept and design similar across all media? Are the logos and company identity immediately apparent? Do messages and offers use common copy to ensure cohesion?

Don't forget that different channels serve different purposes. So while your messaging should be analogous, content should reflect the channel in which it appears.

In my experience, customers visiting a website before a major purchase are typically looking for detailed product information but usually will not complete a transaction. Alternatively, customers use the phone when they are ready to buy, or want immediate answers to specific questions—not a rundown of all product information.

When customers contact you, ensure they can move quickly to the point of action (a question, an appointment, a sale) and come away with a reinforced impression of brand singularity.

Consumers have changed dramatically just in the past five years. They are more informed, more pressured for time, and more concerned about privacy and security. Today's consumers are also less receptive and less responsive to marketing messages. That means that you have to repeat your message across all relevant channels to reach your audience.

Meet the customers where they are and delight them by serving up an experience that's all about them. The result will be increased loyalty and, ultimately, profit. ●

Michele Fitzpatrick is CMO for Harte-Hanks Direct, a worldwide, direct and targeted marketing company. Send comments to *cmofeedback@cxo.com*.

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DAVE BURWICK,
CMO, Pepsi-Cola
North America

Figure 1. The Lifer

Traditionalist or Technologist? Lifer or Firefighter? CMOs are playing these parts—and more—as marketing remakes itself. Try spotting your own role in our

Field Guide to CMOs

By Constantine von Hoffman

PHOTO BY JEFF WEINER

Genus: Chief Marketing Officer *(Chief Marketus Officium).*

Habitat: Medium/large companies, with strong migratory patterns that result in frequent relocation. **Identifying marks:** Chameleon-like characteristics ranging from experience in advertising, branding, market research, event management, sponsorships, public relations, Web analytics, product development, technology, new media, sales support, call centers and customer satisfaction. Ability to prove ROI.

Did we miss anything? Probably. Today's chief marketer is an evolving species whose role is no longer just advertising campaigns, cool creative and media buys: It is expanding to include responsibility across the organization for driving innovation, competitive advantage and, ultimately, business success.

At the same time, different companies require very different qualities in a marketing chief. So while the CMO title continues to grow in popularity, the role itself is still being defined in the nation's boardrooms. In fact, a study conducted last year by the Association of National Advertisers and Booz Allen Hamilton found that more than 70 percent of respondents said the marketing function in their organization was being revamped or had been restructured in the past three years.

It's not easy to sink your teeth into a role that is still being written. "Of all the C-level positions, it's exponentially harder to place a marketer, even within the same industry," says Greg Welch, who heads the CMO practice for executive search firm Spencer Stuart. "He or she is going to a new company that almost certainly has a totally different point of view of what marketing does, what it affects, how it operates and what the metrics are."

In the C suite, the CMO's role remains the most amorphous—and often the shortest-lived. Spencer Stuart's research pegs the average CMO tenure at 24 months versus 44 for the CEO, 39 for the CFO and 36 for the CIO. From that brief tenure springs the corporate perception of marketers as short-timers, there just long enough to order an agency review, kick start a new branding campaign or begin a customer loyalty initiative before jumping—or being pushed—to the next job.

It wasn't always so. In the days before anyone really thought of marketing as a strategic function, there were basically two types of marketers: those who excelled at advertising and PR, and those whose talents lie in supporting the sales force. Both were there for the long haul. But as the profession has grown more complex, so too have the career paths and skill sets of today's top marketers.

"We have people who have worked at ad agencies and people who have moved over from other functions like strategic planning, sales and operations," says Dave Burwick, CMO and senior VP of Pepsi-Cola North America. Burwick himself took a more traditional route to becoming CMO: He worked his way up the ranks of the company where he has spent his entire career. His trajectory is still rising; this month, Burwick takes on a new role as president of Pepsi's QTG (Quaker, Tropicana, Gatorade) Canada business.

But Burwick's career as a Lifer is just one template for success. Today's CMO encompasses a variety of archetypes, each molded by the economic, technological and sociological forces reshaping the business world in general and marketing in particular.

To illustrate these emerging archetypes, we've selected five CMOs: Burwick, Jim Speros of Ernst & Young, Global Hyatt's Tom O'Toole, Jacques Roizen of Alvarez & Marsal, and Kathleen Flaherty of AT&T Business. While each executive embodies an aspect of the roles described below, he or she also possesses other mission-critical skills and competencies.

The clamor for ROI has created the Traditionalist (Speros), who knows that you can't just measure your way to breakthrough products. All the "creative destruction" roiling companies—and the accompanying churn of talent—has re-emphasized the importance of the Lifer (Burwick), someone who has spent so much of his career at a company that its brand values are bred in his bones. Information technology's growing importance to the marketing function has spawned the Technologist (O'Toole), who straddles both disciplines. In a world where you're only as good as your last quarter, there is now the Firefighter (Roizen), a marketer with a talent for beating back the flames of corporate crisis. Finally, the organizational complexity of many corporations has produced what we call the Jane of All Trades (Flaherty), a

> **"Marketing from day one needs to be focused on ideas and innovation that create sustainable growth."**
>
> –JIM SPEROS, CMO, ERNST & YOUNG

PHOTO BY PETER MURPHY

Figure 2. The Traditionalist

JIM SPEROS,
CMO, Ernst & Young

chief marketer who understands the need to make corporate fiefdoms work together because her work experience spans various functions.

CMOs who personify these types also possess certain qualities in common: successful brand management and equity building; the ability to analyze customer insights and turn them into strategy; a knack for developing different initiatives, from broad-reach advertising to highly targeted direct marketing; a track record of new product development and great marketing communications skills; and an eye for ROI.

As our informal field guide shows, there is no such thing as a one-size-fits-all CMO. Some marketers will read our guide and feel they are looking in the mirror. Others may see only a glimpse of themselves. But everyone will see something new.

The Traditionalist

"Marketing is not about covering my ass so I can show management how well our programs are doing," says Jim Speros, CMO for global professional services firm Ernst & Young. What marketing should be all about is "applying creativity in looking at customer needs in new ways," he says. And Speros sees one villain standing in the way of that happening: the ROI craze. "ROI has become the new black," he says. "It's very fashionable to talk about ROI."

Speros is an unabashedly old-school marketer—one of those guys and gals who warn against getting too wrapped up in numbers, opting instead to go with their gut. But Speros and traditionalists like him aren't ROI apostates. You don't head up marketing for a firm that did more than $17 billion in revenue in 2005 without being sensitive to the importance of accurate bookkeeping. It's just that he is keenly aware that even the best measurements can show you only what has already happened. "We're too busy looking in the rearview mirror," he says. "ROI is something you do once you have a strong idea and you want to measure how it's affecting the marketplace."

Jim Speros
CMO, Ernst & Young
Tenure: 7 years
Oversees: brand strategy and positioning, advertising, events, sponsorships, online marketing, DM, thought leadership, industry marketing programs, CRM, research, corporate identity, media
Direct reports: 4
Marketing staff: 35 (U.S. only)
Career advice: "Don't get too focused on any one discipline. Be a holistic marketer, and be open to new ways of inviting the consumer to try your brand."

Speros is impatient with ROI because it is all about the short-term. He holds it responsible for that infamous 24-month job tenure. Such a short time in office means there is a constant pressure for CMOs to prove their value. "That's the wrong perspective," he says. "Marketing from day one needs to be focused on ideas and innovation that create sustainable growth."

Speros practices what he preaches. In 1999, about a year after he was named E&Y's CMO, Speros introduced an integrated global marketing communications program called "From Thought to Finish" to raise the company's profile beyond its traditional clients. Longtimers at E&Y at first doubted the need for the campaign and were put off by the bold creatives that went with it, both of which broke with company tradition. But time proved Speros's gut was right.

"We drove global brand consistency with the program across 140 countries in a way that had never been achieved before," he says. "Brand preference, awareness, likelihood-to-do-business metrics and actual results all moved up strongly."

But that was something the company learned after the fact, not through premeasurement. "If you look at many of the new ideas, they are not measurable because nobody's tried them before," says Speros. "How do you develop ROI on something that's never been tried before? The role of a good marketer is to push the risk quotient."

The Lifer

If the popular image of a CMO is of a "serial marketer" who leaps from company to company every two years or so, the reality is that a large number of CMOs have spent much of their career with one company. The advantage of these Lifers is that they know the company inside and out. Its brand values are part of this CMO's DNA. It is telling that Lifers are running marketing at such obscure little companies as Procter & Gamble, General Electric and Pepsi, where Dave Burwick is CMO and senior VP for North American operations.

No one is more surprised than Burwick that he's been with the same company since graduating from Harvard Business School in 1989. He started as an assistant brand manager for Diet Pepsi and figured on being at the beverage maker for no more than five years.

Dave Burwick
Senior VP and CMO, Pepsi-Cola North America
Tenure: 3.5 years
Oversees: advertising, promotions, innovation, insights, sports marketing, media
Direct reports: 6
Marketing staff: 250 (Pepsi-Cola North America)
Career advice: "Try working in an advertising agency. You'll become exposed to a variety of industries and see the creative process firsthand."

PHOTO BY PETER MURPHY

Back then, Pepsi was viewed by ambitious young managers as a place you could learn a lot in a little time: Marketers would typically be rotated into a new assignment every year and a half. Many took what they learned elsewhere. In the late '80s, Burwick says, the company lost up to 15 percent of its marketing executives annually. But Burwick wasn't one of them. The opportunity to tackle new challenges, he says, kept him from getting bored—and kept him at Pepsi.

It didn't hurt that his career coincided with the company's move from a few beverage brands such as Pepsi, Diet Pepsi, Mountain Dew and Slice to a stable of product lines that includes everything from snack foods to breakfast cereals. "If Pepsi had just stayed with those few brands and those few opportunities, that was good for five years but not for 16," he says.

Burwick says his career path wasn't premeditated but he did have some guides along the way. "Part of what we do here is look out for people's career development," he says, pointing to three of his own mentors: Brenda Barnes, now CEO of Sara Lee; former CMO and current Pepsi-Cola North America President Dawn Hudson; and Alan Pottash, senior VP, Worldwide Creative, PepsiCo, who has worked on Pepsi advertising for more than 40 years and is the father of the Pepsi Generation slogan. Burwick mentors others now because he knows how

Figure 3. **Jane of All Trades**

KATHLEEN FLAHERTY,
CMO, AT&T Business

important it is for both company and employee.

As CMO, he is now in the one job he didn't want. "I thought the job was really difficult and not a lot of fun," he says. Turns out he was half wrong: "It is a lot of fun," acknowledges Burwick. One of his proudest accomplishments as CMO? Creating more Lifers. Burwick says Pepsi's retention rate for marketers is between 90 percent and 95 percent. That knowledge of the company and its customers is what Burwick believes will create the next Pepsi Generation.

The Technologist

Marketers have long been identified as zany creative types, all about high concept and cool ads. Measurability and the need to prove ROI never enter the picture.

Not anymore. Today's marketers must be both creative *and* accountable. To do this, a chief marketer requires a thorough grounding in IT.

Tom O'Toole

Senior VP, Strategy and Systems, Global Hyatt

Tenure: 5 years (3 at Hyatt, 2 at Global Hyatt)

Oversees: brand strategy, information systems, distribution, marketing and all related functions

Direct reports: 7

Marketing and IT staff: 100

Career advice: "Get comfortable dealing with quantitative information."

From CRM to XML, technology is changing what it means to market by inventing new channels, speeding sales cycles and improving how customer data is collected and analyzed.

So, while many CMOs find it essential to be pals with the CIO, a few—such as Global Hyatt's Tom O'Toole—are finding it essential to *be* the CIO. As senior vice president for strategy and systems, he is responsible for the hospitality company's information systems as well as its brand strategy and marketing.

O'Toole's dual role is proof positive that the line between technology and marketing is blurring. He sees the two functions as mostly one and the same. "There's an arbitrary distinction between where marketing leaves off and IT begins," he says. Pointing to Hyatt's current business intelligence initiative, O'Toole asks, "Is BI a marketing function or an IT function? The answer is, Yes."

A marketer who became a techie, O'Toole came out of marketing research, which gave him the ability to grasp database marketing when it took hold in the mid-1980s. At the same time, he went into the perfect sector for someone who likes panning for gold among huge amounts of data: "If you tried to design an industry best suited to database marketing, you couldn't do better than the hotel industry," he says.

For hotel chains, IT means first and foremost the central reservation system, which is essential to revenue. Not only does the system handle customer-facing interactions such as reservations, it also drives back-office marketing systems like yield management and guest history, which supply critical information for CRM. For Hyatt and O'Toole, it made sense that marketing be responsible for the care and feeding of Hyatt's "central nervous system"—as well as the rest of IT. For O'Toole, this means working on projects with no relation to marketing. Last year, Hyatt's biggest IT initiative was installing a new global financial reporting system. "That is unrelated to marketing, but without hyperbole, it is critically important," he says.

O'Toole believes having a CMO who is fluent in technology and marketing makes it easier to get customer data to everyone who needs it at Hyatt, not just those who understand how to gather it. "The focus should be on the information, not on the technology," he says.

The Firefighter

Lousy sales. A massive product recall. Corporate malfeasance. Companies today go up in flames for all these reasons and more. To help save a business from extinction when such a disaster threatens requires the marketing equivalent of a smoke jumper—an expert who can parachute in and start fighting to rebuild sales and the brand.

Enter Jacques Roizen, a former consultant at McKinsey & Co. and now director at turnaround specialists Alvarez & Marsal. He loves working with companies in transition because everything is possible. People are more willing to question the status quo and this, in turn, opens up more possibilities. In fact, part of the CMO's mandate in such circumstances is to bring to the table processes and concepts that in the past may have been thought to be impossible and to make them work.

Jacques Roizen

Director, Alvarez & Marsal/ Interim CMO, IBC

Tenure: 10 months

Oversees: marketing, sales, R&D (IBC)

Direct reports: 5

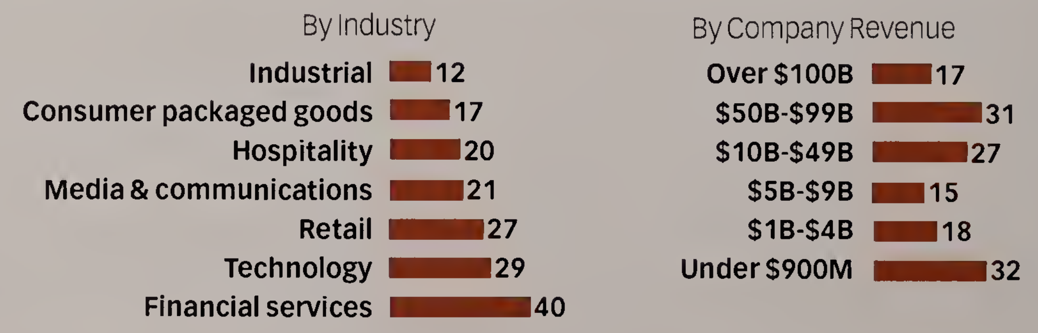
Marketing staff: 60

Career advice: "For marketing executives at companies in crisis or those navigating periods of significant change, speed, focus and innovation are the pillars of a successful approach."

"We have a fantastic license to change anything we want," says Roizen, whose skill set includes marketing and retail sales. "The most exciting part of this job is to join a new company with new problems

Over and Out

Average CMO tenure, in months



SOURCE. Spencer Stuart, 2005 CMO tenure study

> **“The most exciting part of this job is to join a new company with new problems and to try to have impact fast.”**
>
> –JACQUES ROIZEN, DIRECTOR, ALVAREZ & MARSAL

and to try to have impact fast.”

Roizen just finished a stint as CMO for Interstate Bakeries Corp. (IBC), best known for Wonder Bread and Hostess Twinkies. Alvarez & Marsal was called in August 2004, a month before IBC filed for Chapter 11.

Roizen’s challenges during his 10 months as CMO included refashioning IBC’s core Wonder Bread business to move the brand’s image away from the nutritionally dubious area it had occupied. He extended the brand with a new product launch—the first 100 percent whole grain bread that tastes like white bread. “I wanted to give a very clear message, that it is 100 percent whole grain. Not a ‘good source’ or ‘contains’ but 100 percent,” he says. The product, called Wonder White Bread Fans 100% Whole Grain, is now available and is expected to be a hit with kids (who prefer white bread) and their parents (who want the nutritional value of whole grain).

Another key achievement on his watch? Speeding up the new product process at IBC, where it once could take two and a half years for a concept to go to market.

While Roizen and IBC aren’t disclosing any numbers just yet, he does say the company for the first time has “institutionalized the process of having a pipeline of innovation and strategic partnerships.”

One of his biggest responsibilities was to find his own replacement, which he has done—hiring Richard C. Seban from High Liner Foods, a Canadian processor and marketer of frozen seafood and pasta products. Roizen continues to serve as an adviser for IBC.

Roizen jokes that his job is for marketers who find the prospect of a “23.7-month CMO tenure” just too long. “I help with transition, and then I move on,” he says.

Jane of All Trades

Driven by the need to cut costs and to pool marketing expertise, companies with separate business unit marketing departments have begun centralizing the marketing function. The downside of this strategy? It removes marketers one step further from the actual business units that they must serve.

To bridge the gap, some organizations look for chief marketers with cross-functional business experience and a real-world grasp of how the pieces fit together. For Kathleen Flaherty, the desire to understand entire systems has been behind every step of a career that veered by accident into marketing. How else to explain starting with a PhD in industrial engineering and winding up as CMO of AT&T Business? “I took a very circuitous route,” she laughs.

Flaherty’s career detour started at MCI where she worked in the early ’80s, designing and administering the company’s phone network. In 1985, MCI bought Satellite Business Systems, a company that sold dedicated satellite communications networks to large businesses. Growing this business meant selling to big corporate customers, a segment new to MCI. “Some brilliant person decided what we ought to do with these strange large customers was make Kathleen sell to the biggest ones,” she says. The decision catapulted her into sales.

Kathleen Flaherty
CMO, AT&T Business

Tenure: 1.5 years
Oversees: product marketing, pricing, promotion, placement and positioning
Direct reports: 11
Marketing staff: Declined to disclose
Career advice: “Get really well-grounded in the disciplines of finance, costing, pricing, preparing and evaluating a business case. Understand the technical underpinnings of your product. Never forget you are there to make sales successful and to delight customers.”

The fact that she had never done sales before was irrelevant. “I really thought it was all about cold calling and being someone I really wasn’t, which of course was a complete misconception,” says Flaherty. What she found was the combination of being technically expert and a sales novice gave her more credibility with customers.

Flaherty later moved into operations at MCI, which meant she was responsible not just for product design and development but also for product marketing. She left the company after it was bought by WorldCom in 1998 to run a U.K.-based telecom company.

In 2004, AT&T Chief Operating Officer and President William Hannigan realized that the company needed to consolidate its B2B marketing functions into a single unit and hired Flaherty as its first CMO. According to Hannigan, Flaherty “possesses a rare combination of skills: breadth of experience from sales and marketing to engineering and operations, as well as deep technical and industry knowledge.” He also notes that in addition to the consolidation, Flaherty has transformed the business marketing organization into one that is focused on sales.

Flaherty says her wide range of business experience made it all possible. “Because I tend to look at the entire process of creating a product—and have been in just about every discipline you can think of—I really understand everyone who’s affected and can work collaboratively with those organizations to make it happen right the first time,” she says. ●

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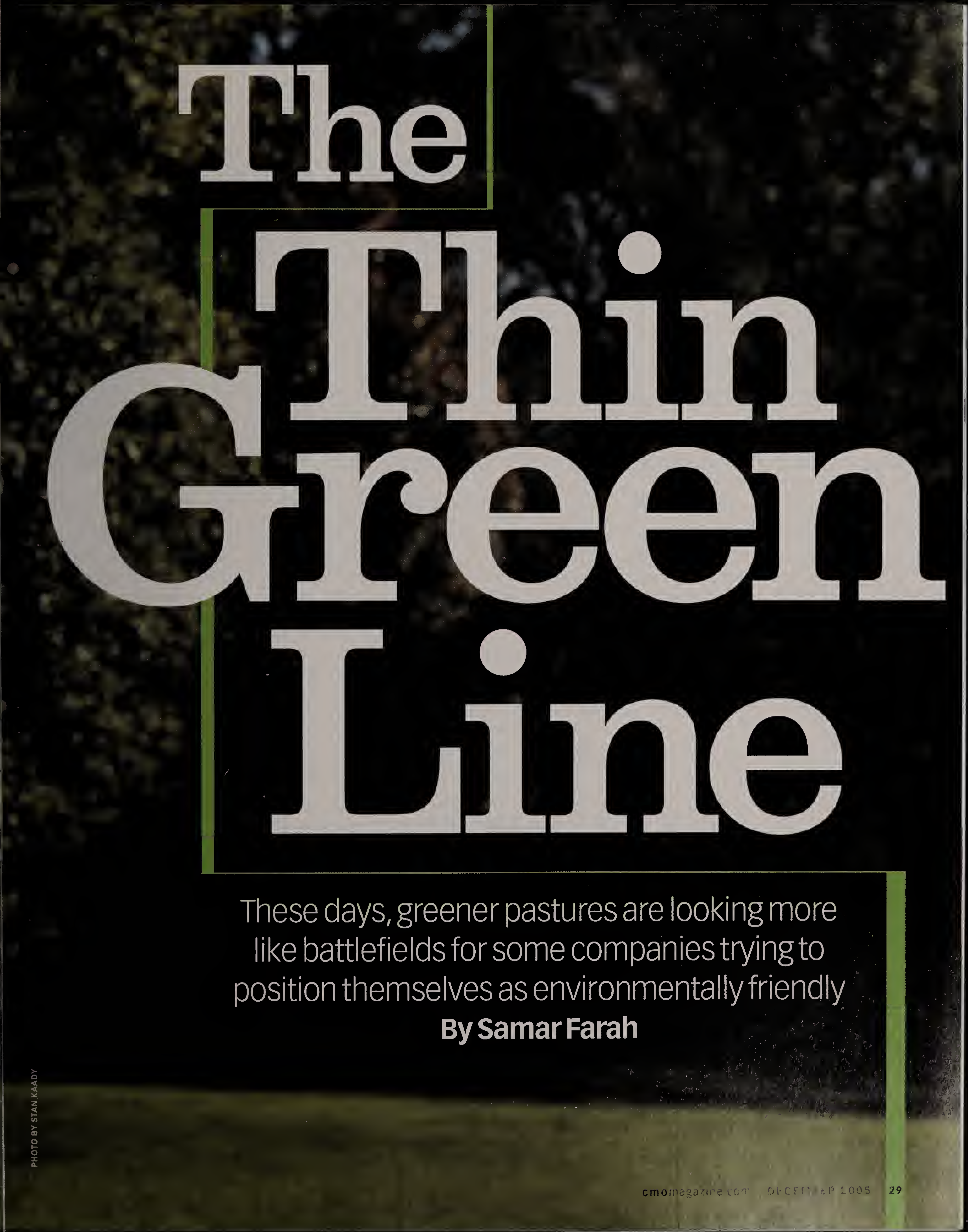
What’s your type? Take our online poll and pick the CMO archetype that fits you—or add your own. Find the link at *www.cmomagazine.com/120105*.

Senior Writer Constantine von Hoffman can be reached at *cvonhoffman@cxo.com*. Freelance writer Christopher Caggiano contributed to this article.

For GE, which is still mired in the cleanup of the Hudson River, a new environmental initiative presented a host of risks, according to David Slump, CMO of GE Energy.



The Thin Green Line

These days, greener pastures are looking more like battlefields for some companies trying to position themselves as environmentally friendly

By Samar Farah

PHOTO BY STAN KAADY

Ford thought it had a better idea when it reoutfitted a factory with the world's largest living roof—essentially replacing a tar sheath with a carpet of plants. The proud automaker even touted its achievement by placing ads in publications such as *National Geographic*. But Ford is now the target of an aggressive campaign by a national coalition of environmentalist groups accusing the company of trying to advertise its way to a greener image. Ford's latest green marketing effort—a "Fuel-Economy School" to teach motorists the art of efficient driving—yielded derisive laughter from the same environmentalists.

Think Ford's folly is unique? British Petroleum had its own idea of a green makeover: The oil giant changed its logo to a helios and began billing itself "Beyond Petroleum." Greenpeace honored the company with an Earth Day Oscar: Best *Impression* of an Environmentalist. And Wal-Mart promised to spend millions in the next decade to preserve an acre of wildlife habitat for every acre its buildings gobble up. Some environmentalists, however, are quick to criticize the campaign calling it an attempt to divert attention from the fact that Wal-Mart stores aren't shrinking in size or number.

Being green is thorny—and companies that try may find themselves harvesting bad press from the very critics they were hoping to win over. Declining consumer trust in corporations has created an atmosphere of cynicism: Environmentalists and savvy consumers are on the lookout for "greenwashing," or marketing campaigns that masquerade as real environmental progress. Some larger, high-profile companies are so attuned to the risk of scrutiny by environmentalist groups and public backlash that they are keeping noteworthy environmental progress under fairly tight wraps.

Nike is the world's largest buyer of organic cotton and McDonald's is one of the largest buyers of recycled materials, says Joel Makower, founder of GreenBiz.com. Yet neither chooses to broadly market these badges of honor. "How do you talk about the [environmental] things you're doing when you're not a perfect company?" he asks, acknowledging the challenge.

"A lot of companies are afraid because they don't have a tremendous track record," says Paul West, communications director at The Rainforest Action Network. "But they know the public wants them to be [pursuing environmental programs]. It's a Catch-22: How to put out news about your environmental efforts in a way [the public] can trust."

Groups such as The Rainforest Action Network and others insist there are ways to reduce your risk and steer clear of the dangers. Keep claims relevant to your corporate mission, they urge, and make sure your marketing and advertising are as transparent as possible. These tactics may not earn any awards, but they can help grow consumer trust and build a greener image. And with rising concerns about the environment and consumer demands for healthier goods, now may be as good a time as any to start.

Keep It Real

A corporate initiative may have honest intentions and even be an absolute positive for the environment. But if it doesn't address the company's central environmental culpability—such as an international oil company supporting organic lettuce—then it risks not only falling flat but also striking consumers and environmentalists as insincere.

Ford's Rouge River Plant was, indeed, a laudable achievement (see "Ford's Theme Park" at *www.cmomagazine.com/read/100104/ford.html*). "The Rouge plant taught us a lot about how to construct our facilities in order to utilize natural resources better," says Niel Golightly, director of Sustainable Business Strategies at Ford. "The green roof is a tremendous insulator; it reduces energy costs. It isn't just a showpiece; it made a very strong business case." But the spiffy roof failed to convince some that Ford was genuinely committed to greening its chief product. The company's first hybrid vehicle was produced only in limited quantities.

The public also expects companies that wave a green flag to significantly mitigate their corporate footprint. Wal-Mart's pledge to preserve natural wildlife, for instance, didn't change the size of its megastores. "The initiative doesn't make up for the fact that Wal-Mart is one of the biggest contributors to unplanned growth," says the Sierra Club's Eric Antebi. "It's slapping a Band-Aid on a major environmental problem."

Tara Stewart, a spokeswoman for Wal-Mart, disagrees. "It's not logical to ask a company to go backwards," she says, "but we are trying to make a lighter footprint. I've talked to many environmentalists who say what we're doing is great."

The issue, however, is not whether such campaigns are good or bad, but whether they are taking aim at the company's raison d'être. CMOs will want to focus on both influencing and highlighting those programs that take more direct responsibility for their company's actions—not only for the sake of satisfying ecological watchdogs, but also to win consumer trust.

The marketers at Stonyfield, a New England dairy company founded on a commitment to "healthy food, healthy people and a healthy planet," agree. The company's yogurt brand boasts high consumer loyalty for strict adherence to green principles. Its marketing empha-

The roof of Ford's Rouge River Plant in Dearborn, Mich., is covered with sedum in an innovative attempt to demonstrate the company's newfound sensitivity to the environment.

PHOTO COURTESY OF FORD

sizes Stonyfield's efforts to recycle the company's plastic yogurt containers by partnering with Recycline, a company that molds toothbrushes from Stonyfield's containers and tacks on a sticker that says, "Made from recycled Stonyfield yogurt cups."

"We give them the plastic, and they give us the branding," says Cathleen Toomey, VP of communications for Stonyfield. Toomey says such efforts ring true with customers because they are closely tied to Stonyfield's product. "If we told consumers we were installing the largest solar panel in New Hampshire, well, that would get some interest. But doing so isn't going to make people who haven't bought Stonyfield go out and buy it."

Jacquie Ottman, president of J. Ottman Consulting, which specializes in green marketing, echoes that sentiment. "It's more interesting to stakeholders if you stress what you're doing to your products," she says.

Clean Up From the Top Down

You don't have to be a small company focused solely on improving the environment in order to create a successful eco-friendly campaign. GE's Ecomagination campaign, launched in May 2005, spans a number of hot topics for a company with a desultory green record. It promises to improve emissions and efficiency in its operations, to work with green organizations and to issue annual progress reports. But the thrust of the initiative—and the focus of the advertising—is on GE's commitment to improving its technologies, which will help businesses meet environmental standards now and in the near future. Currently, GE is marketing 17 products, from aircraft engines to water treatment technologies, as part of its Ecomagination line.

Ecomagination started during a senior-level brainstorm several years ago when CEO Jeff Immelt seized on the idea of greening GE's technology and turned it into a corporatewide strategy for growth. David Slump, the CMO of GE Energy, admits that Ecomagination presented a host of risks for GE, which is still mired in the cleanup of PCBs in the Hudson River, an environmental disaster that has tarnished its image for more than two decades. According to Slump, most of the senior-level management was "subtly against" Ecomagination at first. Questions such as "Do we want to attract attention?" and "Will this create problems around the Hudson River [issue]?" plagued internal debates.

The strategy survived such doubts in large part, says Slump, because Immelt was determined to see it through. Immelt was also eager to give marketing the reins. Over the course of a year, GE's marketing team analyzed both the needs of the company's B2B consumers and the federal government's direction in terms of environmental policies. It then identified a B2B market opportunity for green products; it also outlined the monetary benefits of these products for its customers. Ecomagination not only promotes an environmental initiative relevant to the company's business, but it strives to create a greener technology that is relevant to its consumers' needs.

Be Transparent

So you have a green story to tell that you know will ring authentic with audiences. But before putting pen to creative ad content, stop for a moment and consider: What exactly does the word *green* stand for? Does it mean more recycling, more miles per gallon, fewer emissions, fewer pesticides or less waste? It's not a trick question. Words like *green* and *organic* are the kind of ambiguous, sometimes specious language that cloaks many environmental claims. And consumers view such labels with increasing skepticism. The burden is on marketers to be as transparent as possible about environmental claims—no easy task given the scientific and political nature of this information.

The key, experts say, is to be specific. Working with a third party with standards for testing processes for different facets of "green" can

Environmental Hazards

1969

Public utilities spend more than **$300 million** advertising antipollution research, or more than eight times what they spent on the research itself.

1972

Former Madison Avenue advertising executive **Jerry Mander** publishes "Ecopornography," about corporations trying to green themselves in response to the environmental movement of the 1960s and 1970s.

1985

Chevron launches its "People Do" advertisements, using serene images of nature to associate itself with the preservation of endangered species.

1988

Mobil promotes its Hefty plastic trash bags as biodegradable without scientific backing; by **1991** Mobil is fighting a legal battle with states who are suing for dubious use of the word *biodegradable*.

1990

20th Anniversary of Earth Day is greeted with a flurry of greenwashing. One-fourth of all new household products advertise themselves as "recyclable," "biodegradable," "ozone-friendly" or "compostable."

Early 1990s

Mitsubishi razes large tracts of 100-year-old Aspen forests in Canada to produce disposable chopsticks which are sold in Japan as "chopsticks that protect nature."

21st century

Shell runs an ad series "Profits and Principles," promoting its commitment to renewable energy sources with photos of lush green forests. Shell spends less than 1% of annual investments on renewables.

Amoco gas stations sell stuffed "endangered species" animals in partnership with the National Wildlife Federation.

Ford Explorer ad touts a more fuel-efficient engine with the minuscule footnote "12 city/17 highway" at the bottom of the page.

SOURCES: Rainforest Action Network; Corpwatch.com; *Greenwash*, by Kenny Bruno help clarify your claims. GE partnered with Green Order to devise a scorecard that is used to evaluate each technology according to a set of criteria. Only those technologies that pass the test can be marked and marketed as Ecomagination products.

With third-party backing and reliable testing, the stratagem becomes to communicate that information in the right way. Some companies are responding to this challenge conservatively. McDonald's now publishes a "Corporate Responsibility Report" on its website detailing its environmental efforts. Bob Langert, director of environmental affairs, feels that kind of quiet marketing is the best strategy for McDonald's right now. "The moment you start tooting your horn too much, you have to be careful. You're better off leading with actions and talking about results," he says.

Langert says McDonald's report receives about 30,000 to 40,000 hits a month. But while these often dense and tortuous documents available on an increasing number of corporate websites might be juicy literature for the average environmentalist, they are not likely to reel in consumers for several hours—the amount of time it would take to peruse and digest most environmental reports.

But this kind of transparent green marketing doesn't have to be a great big yawn. Toyota, the darling of environmentalists these days, has its own take on transparent green marketing: Eliminate ambiguous jargon. For years the automaker has discouraged use of the word *green* in any of its internal or external communications relating to Toyota products. Think about it: Toyota's Prius, the most successful hybrid to date, is not "green" by its maker's own admission. "Our legal department doesn't allow us to use the word," says Sandi Kayse, Toyota's national car advertising manager. Thus "Drive green, breathe blue," a candidate slogan for a new marketing campaign to brand Toyota's patented hybrid technology was quickly scrapped.

Instead, Toyota tries to strike a balance between consumer-friendly and specific. The campaign to brand its "hybrid synergy drive" featured a badge of the Toyota hybrid battery haloed with simple environmental claims: "Miles and miles and miles per gallon." Says another: "Less gas in. Less gasses out."

Customers aching for scientific details to back up such claims are prompted to check out the website. Toyota hopes the image of the

Considered the darling of environmentalists, Toyota keeps its environmental claims simple, says Sandi Kayse, Toyota's national car advertising manager.

Toyota's campaign to brand its "hybrid synergy drive" avoided the word **green,** instead focusing on simple environmental claims such as **"Less gas in. Less gasses out."**

hybrid synergy drive will eventually do for its line of hybrids what the Intel chip logo has done for PCs: Engender consumer trust and respect. "If you look at an Intel chip," Kayse explains, "you know it does something great for you but you don't know what. When you buy a computer, you want to make sure you have it. Many people don't know what a hybrid does for them. This campaign reinforces Toyota's long-term commitment to hybrid vehicles and our environmental stance."

Marketers at GE are also wary of the inherent liability nesting in the word *green*, but they are less cautious. Slump is eager to discuss GE's plans for developing cleaner nuclear plants and coal mines, and says Ecomagination is an effort for GE to tell the marketplace what green stands for. Is it a risky proposition? Perhaps, but Slump hopes that a combination of research and robust marketing will help educate consumers and policymakers about the environmental benefits of nuclear and coal energies.

Stay Humble

But it's this underlying ambition of GE's that perhaps strikes some environmentalists as quixotic and causes more than a few to give qualified support for Ecomagination—most seem to be waiting to see how well GE will deliver on its promises. Notably, of the handful of TV ads promoting Ecomagination, the 30-second spot featuring a coal mine teeming with sooty supermodels—and the message that coal power is "looking more beautiful every day"—elicited the most criticism and controversy.

Many environmental experts like to remind companies that hitting a humble note in their green marketing can go a long way. In addition to its pledge to preserve acres, Wal-Mart recently unveiled an experimental "sustainable" retail location in Texas. David Hessekiel, founder and president of Cause Marketing, applauds the decision to launch such a store, to call it an "experiment" and to invite the public to evaluate how well it works, both from an environmental and a consumer perspective.

"They have been honest and straightforward, saying, 'We are going to evaluate this,'" explains Hessekiel. "Those sorts of communications can go a long way to showing that you're trying to make progress. Anybody who tries to suddenly position themselves as the environmental super-company is just asking to get shut down."

Being humble can mean owning up to your environmental errors—and everyone makes them. Toomey recalls a Stonyfield campaign idea two years ago to promote Dean Kamen's Segway as a mode of alternate, emission-free travel. The plan was for a passenger on a Segway to travel to all corners of New England; a hybrid car pulling a solar panel would shadow the Segway and provide regular battery service. But ultimately, Toomey says, last-minute calculations proved that the emissions generated by the hybrid pulling a solar panel would undermine the effort.

Getting it right is even more challenging if you're a billion-dollar company. "If you haven't built the company from day one to put environmental policy at the absolute acme of your priorities, it's virtually impossible not to have problems crop up," says Hessekiel. ●

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PHOTO BY DANIEL HENNESSY

Counterfeiting is a multibillion-dollar problem. Is your brand safe? **By Erik Sherman**

Faking It

A BUSINESSMAN CALLED ON A California clothing retailer in early May with a proposition. He had 12,000 unsold jackets from The North Face that he had exported to the United States and was looking to move them for $50 each, well below their usual retail price. It was more than a good deal; it was too good. Examining a sample, the retailer found a second red flag: a discrepancy in country of origin labels.

The retailer phoned The North Face, which for years has engaged in heated battle with counterfeiters of its popular jackets. The company's prior record for a single seizure of counterfeits in a civil legal proceeding in the United States was 9,000. This one had the potential to be even bigger.

ILLUSTRATION BY ANASTASIA VASILAKIS

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Hiring a team of private investigators to pose as potential buyers, and another team of lawyers to get the legal paperwork in order for a civil seizure, the company raided a rented California warehouse about a month after the retailer's call. The seizure turned up the fake jackets and, as a bonus, database records that led investigators to the identity of a Chinese businessman with a collection of American and Chinese passports, bank accounts (which investigators subsequently froze) and other warehouses holding counterfeit inventory. The sobering postscript: Records showed that the counterfeiter could have sold as many as 56,000 counterfeit jackets under the North Face brand through retail channels since 2003.

Once limited to Rolex knockoffs sold at flea markets or on urban street corners, the business of product counterfeiting is taking on a growing air of legitimacy that should alarm any CMO concerned about brand reputation. Counterfeiters are getting better at moving goods through traditional distribution chains and onto the shelves of legitimate retailers. Overseas factories are turning out products so closely approaching the originals as to fool even seasoned wholesale and retail buyers. Product manufacturers themselves have contributed to the problem with global pricing and distribution strategies, which have helped establish the gray markets that provide fake goods with an entrée into legitimate channels.

It all adds up to a booming business for bad guys. The IPR Center, a group that coordinates the U.S. government's efforts to protect intellectual property rights, estimates that seizures of counterfeit goods in the United States rose nearly 48 percent between 2003 and 2004, totaling nearly $139 million. And those are just the goods that are found by U.S. Customs; experts believe undetected counterfeits account for as much as 10 times that amount. The U.S. Department of Commerce estimates that U.S. businesses lose $200 billion annually to counterfeiting.

Products across all industries—from consumer packaged goods and medical appliances to petroleum and electronics—face some form of this illegal competition. "If you don't have a counterfeiting problem, you probably don't have a successful product," says Paul Fox, chairman of the Coalition Against Counterfeiting and Piracy. One might add that if your competitor has a problem, it's only a matter of time before you will too.

Counterfeiting is a scourge across all aspects of a business, including finance, IT, operations and, yes, marketing and sales. The two latter groups, in fact, have played unwitting roles in the growth of counterfeiting by creating conditions that enable fake goods to enter legitimate distribution chains. Because more businesses are using geographically based pricing to maximize sales on a country-by-country basis, distributors and retailers in some regions end up paying significantly more than those in other areas. This practice creates opportunities for international price arbitrage, ultimately leading to a gray market with an accompanying distribution chain that is not under the manufacturer's control. These products may even end up on the shelves of legitimate retailers, which frequently use secondary sources that provide better prices for name-brand goods.

A general corporate ignorance to counterfeiting also helps the practice flourish. Simply put, many companies fail to create robust counterfeit-detection policies and programs until they've been burned. "The first time, it's not something you really think can happen to you," says Neil Smith, a partner with Sheppard, Mullin, Richter & Hampton, a law firm specializing in intellectual property protection.

When the companies aren't watching, the results can be disastrous. "In some areas, counterfeiters actually have the largest market share," says Brian Monks, director of anticounterfeiting operations at Underwriters Laboratories and a member of the executive board of the International Anti-Counterfeiting Coalition. "Once you've found the counterfeit, the horse is out of the barn."

> **"The one day you're lax is the one day you'll get burned."**
>
> –John Irving, executive VP of corporate sales and marketing, Fusion

Eating Away at Brand Equity

ASIDE FROM THE OBVIOUS LOSS OF REVENUE CAUSED BY counterfeit goods, fake products also can significantly devalue a brand by, for example, making it appear more common and less desirable. "There's one certain brand handbag that's currently hot right now, and 90 percent of what I see consumers carry is counterfeit," says Kris Buckner, a Los Angeles private investigator. When people see too many copies of an "exclusive" product, they're likely to seek some other mark of distinction. That's why companies such as VF Corp., parent of The North Face, divert marketing dollars to create advertising that warns consumers against counterfeits, particularly in countries prone to knockoffs.

The relatively poor quality of these fakes can also eat away at brand image. Displeased customers, assuming the product they purchased is genuine, can generate negative word of mouth, which can further erode sales. "We make products that protect people from the elements," says Joe Flannery, vice president of marketing for The North Face. "Counterfeit products with our brand on them usually do not come with the same material technologies. That hurts our brand equity."

In the B2B space, the impact of low-quality counterfeits can be catastrophic. Fusion, a global electronics parts distributor, understands that a single fake component that doesn't work properly can beach a device worth hundreds or even thousands of dollars. That's why the company has a $5 million insurance policy to pay for any rework a customer must undertake should fakes slip through its distribution chain. It also devotes as much as 35 percent of its marketing resources—both time and money—to countering counterfeit products, says John Irving, the company's executive VP of corporate sales and marketing.

Costs can run the gamut from employee time and communications programs to extensive testing procedures and insurance premiums. "It takes a tremendous amount of effort and time to use PR as a tool to communicate to dealers as well as [the counterfeiters] that we have been successful in fighting counterfeits," says Flannery.

But it's an investment that executives from The North Face, Fusion and other companies believe they must make, because the price of not being proactive can be much higher. "What's the cost of delivering [fake] product and because of that, [the company] decides it will no longer do business with you?" Irving reasons.

Looking for Clues

PLENTY OF CLUES CAN TIP OFF A COMPANY TO POSSIBLE counterfeit activity in a market. Take, for example, the manufacturer of consumer cleaning products that several years ago noticed an unusually high number of consumer complaints about one of its products. The marketing team assumed that the complaints, ranging from bottles that leaked to the poor quality of the cleaner itself, were due to a bad batch or some outdated products on the market.

But when the company matched the complaints with rapidly falling retail unit sales, management realized that a bigger problem was brewing. It hired Sheppard, Mullin, Richter & Hampton, which turned up a factory in southern California that was making counterfeit versions of the cleaner. Had the victimized manufacturer established baselines that flag unusual levels of returns or consumer complaints, it might have uncovered the problem more quickly.

Not all counterfeits, however, can be unearthed by monitoring customer complaints, since buyers might not notice a difference in quality between a real product and a well-made fake. And counterfeiters are getting far better at duplicating the quality levels of original merchandise. Stories abound of factories in China that perform legitimate outsourced manufacturing by day and counterfeiting by night—meaning the "fake" product is virtually identical to the original.

"There have been issues where a factory will make one for the trademark holder and one for themselves," says Roxanne Elings, an attorney with the law firm Greenberg Traurig. Sometimes the factory owners share product specifications and information with a confederate that makes the counterfeits in another facility.

That's why companies must be diligent in comparing third-party sell-through reports to their own sales records. Programs to identify potential counterfeiting often start with basic data

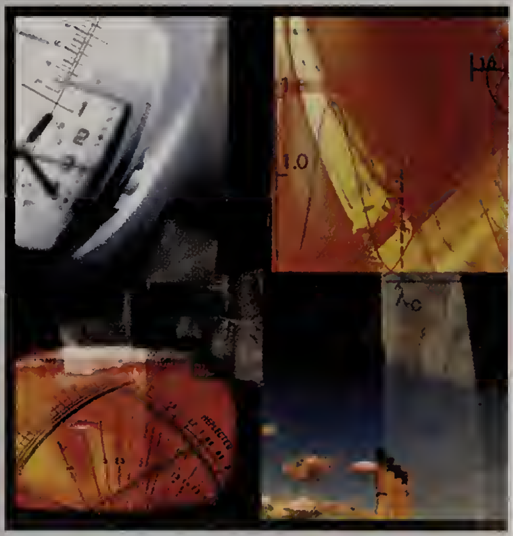
Ferreting Out the Faux

Companies are constantly on the lookout for better methods to help them spot counterfeit goods. Here are some of the technologies, safeguards and techniques that corporations are using to stay one step ahead.

Quantum photonic markers: Small particles fluoresce or absorb under a given wavelength so that they appear brighter or darker than surrounding material. Incorporated into plastic components or a label, these markers allow people to check for product authenticity with a special handheld light.

Chemical and biological markers: Inert chemicals or even a known DNA sequence are added to products such as petroleum and pharmaceuticals during the manufacturing process. A missing marker indicates a complete counterfeit, while an insufficient amount can show that a product has been adulterated with other substances.

RFID: The radio frequency identification chips that many companies are using to track inventory can also help identify fakes. The chips can also indicate when a legitimate product is diverted off its expected distribution chain.



Antitampering packaging: Multiple layers of seals that change when breached make it obvious to users and retailers that a box or bottle is not as it was when it left the factory. A low-tech but effective solution.

Intentional flaws: Building deliberate "mistakes" into a product, such as a seemingly misplaced thread color in a clothing label or a subtle graphic error on packaging, is often enough to throw off counterfeiters. Even savvy counterfeiters that are capable of reproducing these marker errors are often too rushed to deal with such subtleties.

–E.S.

mining and analysis of product movement through the distribution chain. "If you have a persistent 5 percent differential over two weeks between what the Nielsen says is being sold and what your sales are, it's not going to be inventory draw-down because the stores are too good at handling inventory," says Don deKieffer, a principal at deKieffer & Horgan.

If such a discrepancy appears, chances are good that it isn't a bookkeeping mistake. "Every time we've undertaken surveillance in [high-risk] marketplaces, the minimum [appearance of counterfeits] we've detected is 15 percent [of total sales for that region] and the average is closer to 18 percent," says Duncan Ritchie, managing director in Europe and vice president of global marketing and strategy for anticounterfeiting consultancy Authentix.

"If you're aware that your product is separated from the packaging in bulk, have you thought about what happens to the packaging afterwards?"

–Duncan Ritchie, VP of global marketing and strategy, Authentix

Products are not the only focus of counterfeiters; packaging can be an equally tempting target. Ritchie cites a case in Japan in which hospital employees collected the discarded pharmaceutical boxes and sold them to counterfeiters, who would insert counterfeit goods into the legitimate packaging and resell them.

"You need to think through what happens to your product in any one distribution chain," Ritchie says. "If you're aware that as standard procedure in hospitals your product is separated from the packaging in bulk, have you thought about what happens to the packaging afterwards?"

All the more reason to implement regular onsite spot checks to supplement the remote monitoring of sales and customer complaints. Although a company can use outside investigators, a company's field sales force is often the best line of defense against counterfeit goods. Salespeople know the territory and products and have financial incentives for protecting their regions from a flood of fake goods. To help them verify authenticity quickly, companies are using a range of anticounterfeiting technology and techniques, from subtle marks on labels and packaging to high-tech markers that respond to special chemicals or lights (see "Ferreting Out the Faux," Page 37).

Partners also play an important role in protecting against counterfeiting. The North Face, for example, works closely with eBay, which has become a favorite channel for sellers of fake goods. "They are an excellent partner in fighting counterfeiting for us," says Flannery. In 2004 alone, eBay shut down more than 6,000 auctions that featured counterfeit North Face products. "It's epidemic," he adds.

Unfortunately, the costs of fighting the epidemic, for everything from the anticounterfeiting technology to the PR campaigns to the programs required to identify fake products, can add up quickly.

"[It costs money to] send out notices or publish newspaper ads to tell people in a country who the authorized distributor is," says Barbara Kaplan, a VF lawyer involved with the company's anticounterfeiting efforts. "It costs money to do what we call raids. It certainly costs money to litigate. A company could spend as much as it would like to on an enforcement program."

Full-blown investigations using third parties can quickly run into the tens of thousands of dollars. These strategic investigations are often necessary, however, to track the seller back to the bigger fish: the wholesalers that handle the bogus goods and the factories producing them.

It's safe to say that in the business of counterfeiting, manufacturers and criminals will continue to play a spirited game of cat and mouse. With both the bottom line and the brand at stake, CMOs must continue to work with their counterparts in sales, operations and finance to stay one step ahead of the counterfeiters. Fall behind, and the damage can be considerable.

"You guard yourself against it," says Irving. "There's not a day inside Fusion that we're not conscious of it and talking about it. The one day you're lax is the one day you'll get burned." ●

Online Extra >> cmomagazine.com

To find out how Novartis uses a global team to thwart drug counterfeiters, read "Drug Busters" from our sister publication, *CSO*, at *www.csoonline.com/read/110105/counterfeit.html*.

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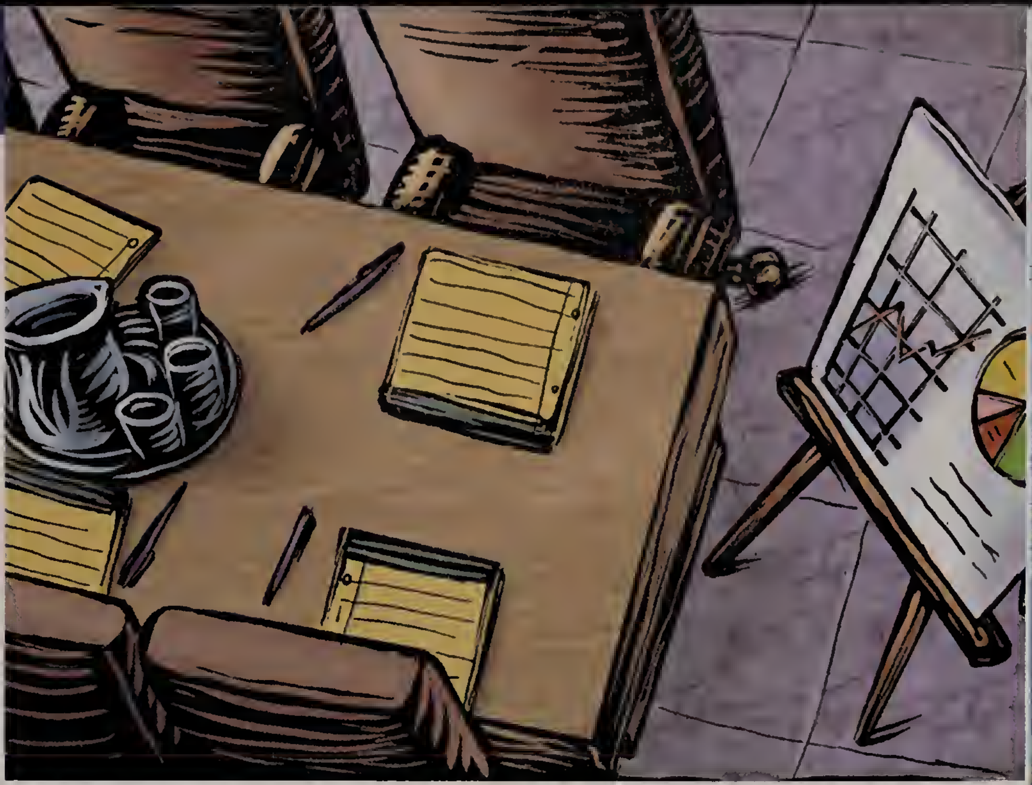


Earning A Seat In The Boardroom

Marketing Credibility

HP is one of the leading technology companies in the world, with over $83 billion in annual revenues and serving a broad spectrum of customers from global enterprises to more than a billion consumers worldwide. Delivering a globally consistent, high-quality customer experience is critical to its success. Yet, given its size — over 140,000 employees operating in 178 countries — maintaining this consistency and responsiveness was challenging.

After the merger with Compaq, Mike Winkler, Executive Vice President, Customer Solutions Group, HP, faced the added challenge of aligning and optimizing the activities of 86 different marketing organizations around the globe — each with its own systems, resources, budgets and marketing processes. "One of my first priorities as CMO," states Winkler, "was to use systems and analytics to evaluate our marketing spend and how we could optimize it, with the goal of honing marketing to be a true long-term contributor to HP's success."

Winkler opted to get the job done by partnering with Siebel Systems, HP Services and an SI partner to deploy an insight-driven, closed-loop solution that links marketing strategy to measurable business results. The first phase of the project, completed in 6 months, focused on deploying a marketing resource management solution to HP's 3,500 marketing users worldwide, using Siebel Enterprise Marketing Suite and Siebel Business Analytics fully integrated with HP's back-office financial systems.

Today, the entire HP marketing organization uses the same processes, system, language and metrics to plan, execute, and optimize its marketing investments. The solution provides every marketer with near real-time customer and business insights that lead to smarter decisions about how and where they spend money.

To learn more about HP's successful reinvention of marketing and how Siebel and HP can help you achieve breakthrough marketing results, simply visit www.siebel.com/marketing-hp or call us at 800-307-2181.

Winkler adds, "Siebel Enterprise Marketing Suite and Siebel Business Analytics offered a dramatic improvement not just in the efficiency and effectiveness of our spend, but also in our knowledge of what was appealing and what was not appealing to customers."

Ultimately, the solution helped align marketing with the strategic priorities of HP — earning marketing an influential position in the boardroom.

Marketing is now responsible for leading and synthesizing HP's long-range plan. "Marketing is at the strategic table at all times and constantly brings the voice of the customer to bear in every decision that we make as a company." says Winkler.

Now, HP and Siebel Systems are working together to bring to market a breakthrough Insight-Driven, Closed-Loop Marketing solution. They offer an integrated packaged software, services and infrastructure solution that leverages the success and experience at HP. Marketing organizations now have a new option to improve effectiveness, accountability and control while reducing costs, risks and time to market.

It all comes down to winning results.

"In the end, our annual marketing spend has been reduced by 15 percent," Winkler boasts. "At the same time, we have been able to double our spend in advertising for brand and demand generation."

— Mike Winkler,
Executive Vice President,
Customer Solutions Group, HP

hp invent

SIEBEL IT'S ALL ABOUT THE CUSTOMER

cmo The Resource for Marketing Executives

the picture of brand health

A brand scorecard can fill a big gap in your marketing dashboard—but only if you present the brand as an asset in terms the CFO can understand

By Patrick LaPointe

THE MARKETING DASHBOARD is intended to track both the inputs—the marketing activities being undertaken—and the outputs—the financial results generated. This leaves the possibility of a gap in the middle, which is the asset that's being created beyond the P&L in the mind of the customer.

Measuring the long-term value of marketing in creating customer preference and loyalty for your brand (or brands) is critically important in determining the return from the investment. Depending upon your industry or category, 70 percent or more of your marketing expenditures may be in support of programs and initiatives that cannot be shown to have short-term effects on incremental profits, but can be shown to improve the health of the brand in the marketplace. But if this "brand health" isn't something we can easily translate into forecast profits this year, we need to treat it as an asset—something that generates positive returns over a longer period of time.

This is where a brand scorecard comes in. The brand scorecard tracks the health of the brand in the minds of the customers. Whereas the marketing dashboard tends to look at things more from the company's point of view ("What investments are made in programs and initiatives and what I should expect to get out in terms of customer behavior?"), the brand scorecard asks, "What do our major constituencies of interest

Reprinted by arrangement with Patrick LaPointe and the Association of National Advertisers. From **Marketing by the Dashboard Light—How to Get More Insight, Foresight, and Accountability from Your Marketing Investments**. Copyright 2005 by Patrick LaPointe think and feel about our brand, and how well is our brand supporting our desired value propositions?"

In a comprehensive marketing dashboard, the brand scorecard stands somewhere in the middle between the inputs and the outputs.

Let's take a look at the critical elements of a brand scorecard, how many constituencies it should reflect, and why it deserves to be treated specially within the marketing dashboard.

The Problem with **Brand Scorecards** Today

There aren't enough of them. That's the problem with brand scorecards today.

If you ask 100 companies to show you their brand scorecard (and we have), 20 will look at you quizzically, another 20 will show you elaborate consumer surveys of brand attribute ratings, and the remaining 60 will pull out a research summary of the latest scores on the classic "hierarchy of effects" waterfall:

- 74% of consumers are aware of the brand on an unaided basis
  - 61% indicate an overall favorable impression of the brand
    - 47% indicate a willingness to try the product

...and so on.

The problem with this typical waterfall is that it never actually connects awareness or preferences to value creation, and as such is seen by the CFO and the rest of the finance department as "marketing mumbo jumbo" used to justify spending money.

Awareness is not an achievement unto itself. Each of us is personally aware of a great many companies that we know nothing about. We don't know what they make or do, and even if we do, we have no clue as to why we might want to buy their product or service. We may have an awareness of these companies, but no salience to that awareness that places it into a proper context for us.

Salience itself may have multiple levels. I may know IBM makes computers, but I may not know they make the kind of Web servers I need for my company. Or maybe I know they make Web servers, but I think they offer solutions only in the high-performance/high-priced end of the market.

Preference also has many potential dimensions and degrees. I may prefer to drive a Jaguar, but have no realistic hope of ever being able to afford one. I might thereby "prefer" the Hyundai to the Kia, but do I really "prefer" the Hyundai?

The aforementioned example indicates how brand preference is of little value absent the proper context. My preference for a given brand should be measured within the context of those that are physically available to me and within my affordability zone. Preference should also be measured in a temporal context—relative to the point in time when I am most likely to translate my attitudes into behavior and buy.

When it comes to willingness to try the brand, the wheels really come off. Just because I'm willing to try it doesn't mean I ever actually will. Maybe if I get a coupon for 50 percent off I'll consider it, but if it's not available where I normally buy, my willingness is strictly theoretical.

Purchase intentions are only valid when the prospective customer has the appropriate salient awareness, knows where to buy the product, understands what the trade-offs are within the competitive set, and has the money and desire to act. Only then are the intentions appropriately qualified.

> Purchase intentions are only valid when the prospective customer has the appropriate salient awareness, knows where to buy the product, understands what the trade-offs are within the competitive set, and has the money and desire to act.

There's little doubt that salient awareness, contextual preference and qualified purchase intentions can be valuable indicators of the potential economic value of the brand. But until they are unlocked and flowing freely from the minds and hearts of the customers to their wallets and into our company treasury, we must find a way to measure them for what they are: Assets. Good intentions. Accumulated goodwill toward the brand that has not yet translated into a financial outcome.

The role of the brand scorecard within the marketing dashboard is to reflect the evolution of these brand assets and continually gauge the potential value of the demand they represent. For this unique reason, we recommend setting up the brand scorecard as a separate-but-linked portion of the overall marketing dashboard. Doing so helps to highlight both the input/output importance of the dashboard and the asset-nurturing insights of the brand scorecard.

To begin, let's look at the potential cornerstones of any consumer/customer brand scorecard.

Four **Key Attributes**

Every company and possibly every brand will have its own view of the most crucial components of the customer's brand-decision process. Some choose to use syndicated approaches to brand measurement such as Young & Rubicam's Brand-Asset Valuator or Millward Brown's Brand Tracker. Others have developed an exhaustive battery of brand attributes they measure through elaborate tracking studies. Regardless of the approach you are using (or if you're just starting out), the key consideration is to find the elements that are most predictive of the future behavior of prospects and customers.

In general, there are four dimensions of brand measurement that tend to bind the customer to the brand:

- the functional performance of the underlying product or service;
- the convenience and ease of accessing the product or service;
- the personality of the brand (a.k.a., "the one for me"); and
- the pricing and value component.

The functional dimension seeks to measure the customer's (or prospect's) perceptions of the more tangible aspects of their brand experience. Is the product of sufficient quality? Does it work as promised? Is it more durable, more flexible, more efficient, more yellow, more professional, more appropriate to the intended task than perceived substitutes? Each brand is intended to deliver a combination of functional benefits to the user, be it toothpaste, financial services, or silicone polymers. The brand scorecard should reflect how well these functional elements are perceived by the experience of regular customers versus the newly acquired customers and how they compare to the perceptions of the imminent prospects versus those in the target audience at large.

Each brand also has, as part of its fundamental equity structure, perceptions and knowledge about where to buy the product or try the service. Can I get it at my local mass merchant store? Do I buy it on the Web? Will an agent come to my home? The degree to which the prospects are aware of how they would acquire or access the brand and their perceptions of the acceptability of that avenue are important components of the brand asset value. Likewise, the perspectives of the current customers of the ease of access through the present distribution channels provide an important opportunity to validate or question the current business process.

Brand personality is very important in many categories. As marketers, we all understand how one soft drink might have a different "personality" than another. For many years now, marketing researchers have used personification exercises to get consumers to describe a product as male/female, young/old, progressive/conservative, outgoing/shy. Corporate brands also tend to have key personality traits like "reliable," "trustworthy" or "innovative." If you can establish that certain personality profiles, when attached to your brand, increase the likeliness of prospects becoming customers and customers buying more, then those critical elements should be on your brand scorecard.

Last, but certainly not least, brands often exist for one primary purpose—to differentiate competitive offerings and prevent commoditization of the market. Brands are used to imbue certain companies or products with a premium value perception that commands a premium price. In other categories, brands are used to capture the consumer gratitude for being the lowest price provider. In either extreme, or at any point in the middle of that spectrum, every brand has a price/value component to it that is either the bedrock of its success or a competitive requirement to compete effectively. This "absolute price" perception is often worthy of tracking on the brand scorecard.

A second dimension of pricing is the "relative price"—a measure of the extent to which prospects and customers perceive that your brand offers good value for the money. Continuously gauging the relative price perceptions is an effective way to quickly identify opportunities for market or margin share increases.

The combination of functional, accessibility, personality and value attributes of the brand often provide a well-rounded picture of how well the brand asset is growing and how much untapped cash flow is waiting to be unlocked.

But you have to do the spade work to understand the links between brand equities and financial success in your category. What is often thought to cause people to purchase—"Brand A seems to do the job better than Brand B"—quickly goes out the window when the choice is guided by, "I really can't be bothered to think about it. Brand A is available now, and Brand B isn't." If this is common in your category, then some kind of distribution weight or availability of the product can be a more important scorecard metric than one that measures the degree to which the customers believe your brand has a special functional characteristic or has a personality "like me."

Sometimes it's sufficient to have your brand just penetrate the competitive set and then out-execute the competition on distribution or packaging. Knowing what really drives your brand category is critical to selecting the scorecard metrics that will be both most diagnostic and most predictive of future success.

> Consumer loyalties can last a lifetime or end in a few short days. And that often runs counter to a company's own brand perception, which can remain pointlessly unchanged.

This generic framework can be applied across different categories, although the weight of the individual components may vary dramatically.

Timing Your **Measurements**

Another important thing to consider is that brand perceptions aren't static—consumer loyalties can last a lifetime or end in a few short days. And that often runs counter to a company's own brand perception, which can remain pointlessly unchanged. Most companies, even those with huge research budgets, don't carefully monitor the clarity, or lack of clarity, their brand has with customers and prospects at any point in time. A brand value proposition that made a lot of sense under one set of industry circumstances may degrade to irrelevance and become a commodity position if it stays too long in one place.

Most often, brand attributes are monitored in large-scale tracking studies conducted in waves that are three, six or 12 months apart. If your category evolves faster than the frequency of your tracking studies, these periodic reads may provide irrelevant historical information and present a picture that bears little resemblance to today's reality—especially when you consider that it often takes four to six weeks from the end of survey fielding until the report reaches your desk.

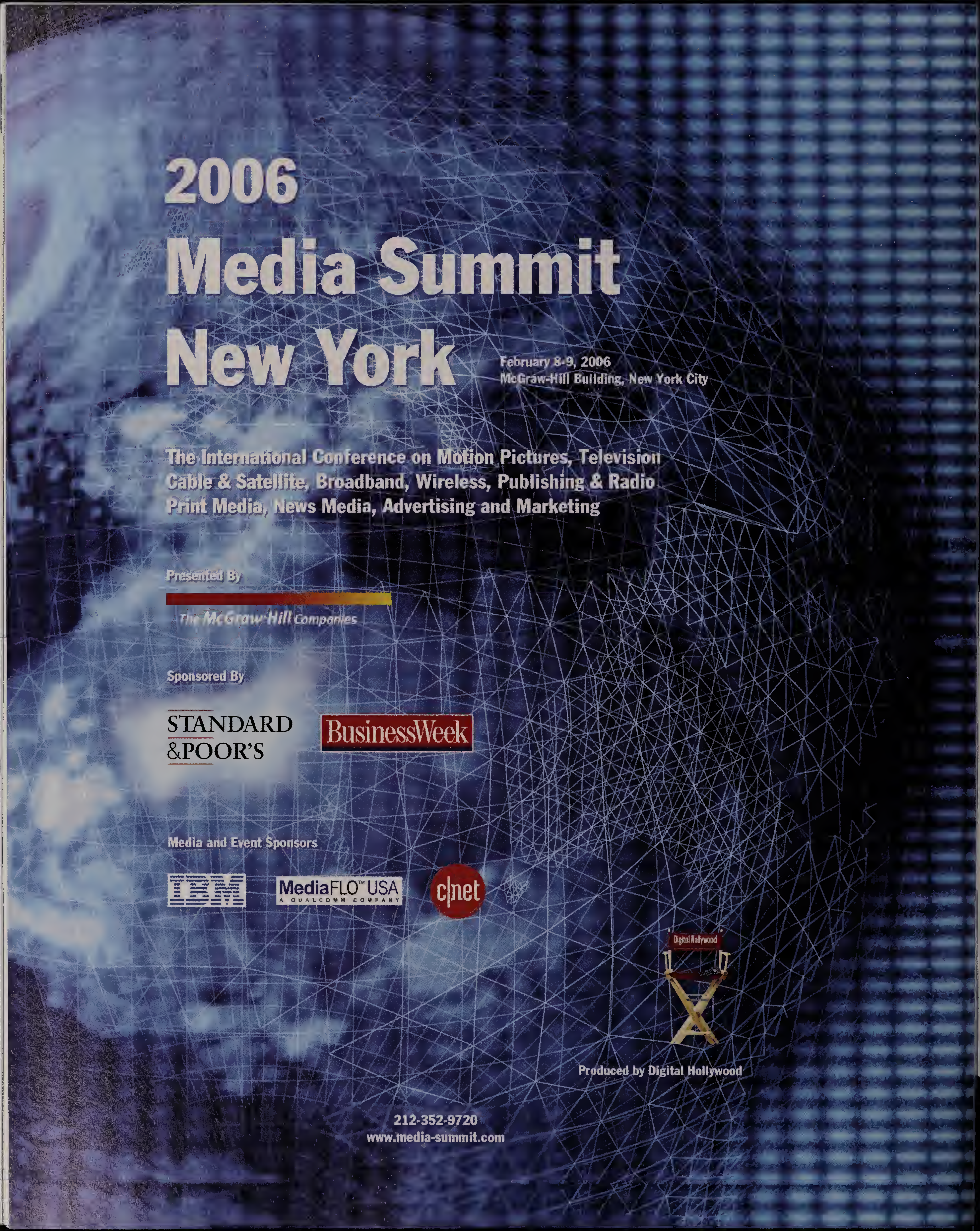
Many organizations are today migrating toward continuous brand tracking, with smaller samples fielded each week or each month that are then read in the aggregate over a rolling six, eight or 12 weeks.

While a bit more expensive, this approach can provide much more timely insights into the shifts of the marketplace, not to mention the potential to measure the impacts of marketing stimulus programs on brand attributes with greater reliability.

The bottom line is you need to clearly know what your brand is and what it means to the target customer. If you don't, you are prone to serious over- or underestimations of your brand strength. One such failure was Reebok's attempt to market a Reebok brand of water. Reebok thought that Reebok stood for health. In reality, it stood for running shoes. Why would anyone want to drink water out a shoe?

Without an effective brand scorecard, you might not have an accurate picture of where your brand stands or where it's headed. With one, you have no excuses not to. ●

Patrick LaPointe is managing partner of MarketingNPV, a marketing consultancy based in Princeton, N.J. Send comments to *cmofeedback@cxo.com*.



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EMERGING TECHNOLOGY

Plugging into Podcasts

Behold the mighty podcast. Cute name. Marketer's dream?

A decade after streaming audio technology made its staccato debut on the Internet, the concept is finally taking hold as a powerful digital medium for messaging. The tipping point came in the form of Apple's iPod, which not only helped to turn Web-based audio into downloadable, portable content for the masses but spawned a much cooler tag for the technique: podcasting.

Now, some marketers are kicking the tires on podcasts to see where they fit within their integrated programs. Paul Dunay, for one, is a true believer. "I look at podcasting as an unblockable tube to our customers and prospects around a thematic topic that we've identified," says Dunay, director of global financial services marketing at BearingPoint, a management consultancy and IT systems integrator. "I've got a self-selected segment of people who want to get smart on a topic. From a marketing perspective, it doesn't get much better than that."

BearingPoint has launched a series of podcasts on topics ranging from operational risk to business process management. Each podcast, which runs between five and seven minutes, is what Dunay calls a *Reader's Digest* version of an existing whitepaper penned by BearingPoint consultants. The podcasts are proving more effective than traditional e-mail blasts in grabbing the attention of potential customers.

AT A GLANCE

22M American adults own iPods or other MP3 players

29% have downloaded a podcast

18% live in households earning more than $75,000

33% of Americans aged 18 to 40 own an MP3 player

SOURCE: Pew Internet & American Life Research Project

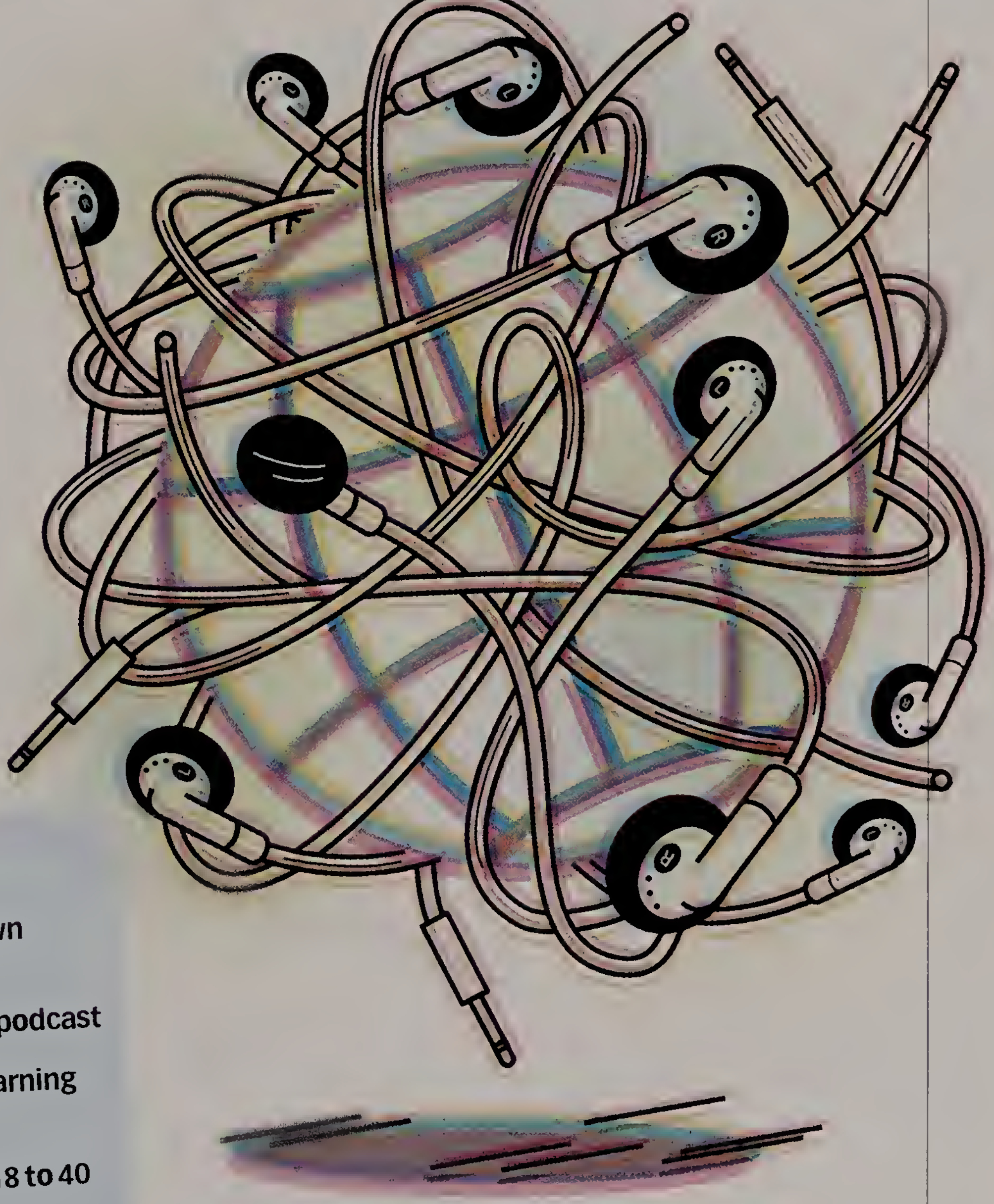


ILLUSTRATION BY HARRY CAMPBELL

"[The prospects] are not ready to buy; they're researching, but we want to pull them in and get a dialogue going," says Dunay. With their interest piqued through the podcast, more visitors are taking the time to register on BearingPoint's website to download the full whitepaper. Since the podcasts began in August, 30 percent of visitors who are prompted to fill out the registration form are doing so—up from 10 percent before the podcasts began. That's a big bump in what Dunay considers quality leads.

"There's a higher conversion rate from podcast

Continued

EMERGING TECHNOLOGY *from Page 45*

to paper," says Dunay, "which hopefully leads us to an appointment." And, eventually, a sale.

Mike McGuire, a media industry research director at Gartner, agrees that the primary benefit of podcasting as a marketing tool is the targeted audience it delivers. The viewer, he says, "is making a specific decision, as a consumer, to connect to this podcast."

All the more reason, McGuire contends, for marketers to be wary of using podcasts as conduits for traditional advertising. "You're dealing with individuals who couldn't care less about advertising," he says. "You're dealing with individual voices."

Dunay views podcasts not as an in-your-face ad vehicle but as an emerging yet critical part of an integrated marketing program that combines pull and push techniques to build awareness of BearingPoint's expertise. "The way that we sell in the marketplace," he says, "is by taking our smartest people, getting them out in the marketplace and in front of potential customers as many times as possible through events, e-mail marketing, thought leadership and now podcasting."

Dunay and his team have more podcasts planned; they also are exploring foreign-language versions. "Things like RSS, blogs and podcasts are new ways to engage our customers on several different levels," he says. "As long as we're on the forefront of this wave, we'll keep trying things out." *–Rob O'Regan and C.G. Lynch*

E-COMMERCE

A New Way to Pay

Payment solution boosts eToys' average order

ETоys Direct, a Web retailer of everything from baubles to board games, knows a thing or two about the holiday buying frenzy. It is also familiar with wary online shoppers, most of whom are wired moms with deep pockets but deeper concerns about using credit cards on the Internet.

So last year, on the cusp of the holiday rush, eToys introduced Bill Me Later, a payment method that lets visitors make purchases online, without disclosing private financial information, and pay later. "It was a good opportunity to entice people who would be interested in different payment methods," says Gary Lindsey, VP of marketing for eToys. Since installing the program, the percentage of eToys customers using Bill Me Later has risen to the mid-teens, Lindsey says. EToys is tracking the data to see how many new customers the program generates.

Gary Lindsey of eToys

Bill Me Later is the three-year-old brainchild of I4 Commerce and is offered by more than 130 merchant websites as well as catalogs. Here's how it works at eToys: Visitors who opt to use Bill Me Later give their name, address, date of birth and the last four digits of their Social Security number at the time of purchase. Based on that information, I4 Commerce uses a proprietary algorithm to compute an instant credit rating and, if approved, authorizes the purchase. Customers who use Bill Me Later receive monthly statements; merchants, if they choose, can offer customers the option of delaying payment for up to 90 days without extra charge. It's an option with particular potency around the holidays, when shoppers are likely to need extra spending power.

Vince Talbert, vice president of marketing at I4 Commerce, says the payment option forges a more emotional bond with the customer by sending out the message that a merchant trusts a customer to clear a balance later. "It harks back to days when you could tell the grocer, 'Put it on my tab,'" says Talbert. He says it can also help companies win over new customers.

According to Lindsey, orders by Bill Me Later customers are on average $30 higher than other eToys orders. Moreover, users tend to be high-end customers—shoppers with multiple credit cards and significant buying power.

"The merchants we work with are generally very happy with the program and are getting top line in terms of new customers and higher average ticket, especially with the promotional financing," says Allen Weinberg, founder of Glenbrook Partners, a consultancy specializing in electronic financial services. "Marketers know that if you give people more spending power they are going to use it."

–Samar Farah

NUMBER CRUNCH

46%

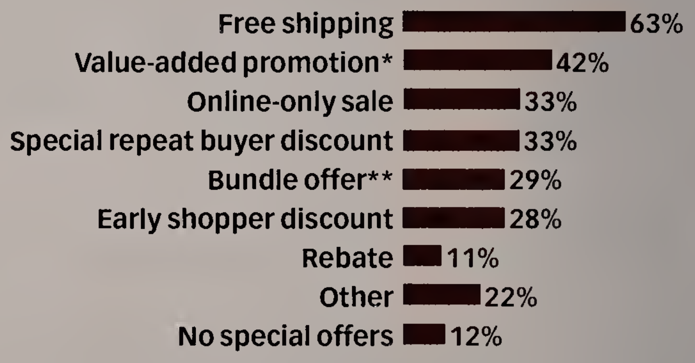
North American consumers who often tell friends and family about products that interest them. **Word of mouth** and other forms of viral marketing are growing in importance as trust in traditional advertising wanes.

SOURCE Forrester Research

Many Happy Returns

Online retailers use a grab bag of marketing promotions to maximize revenue from loyal shoppers

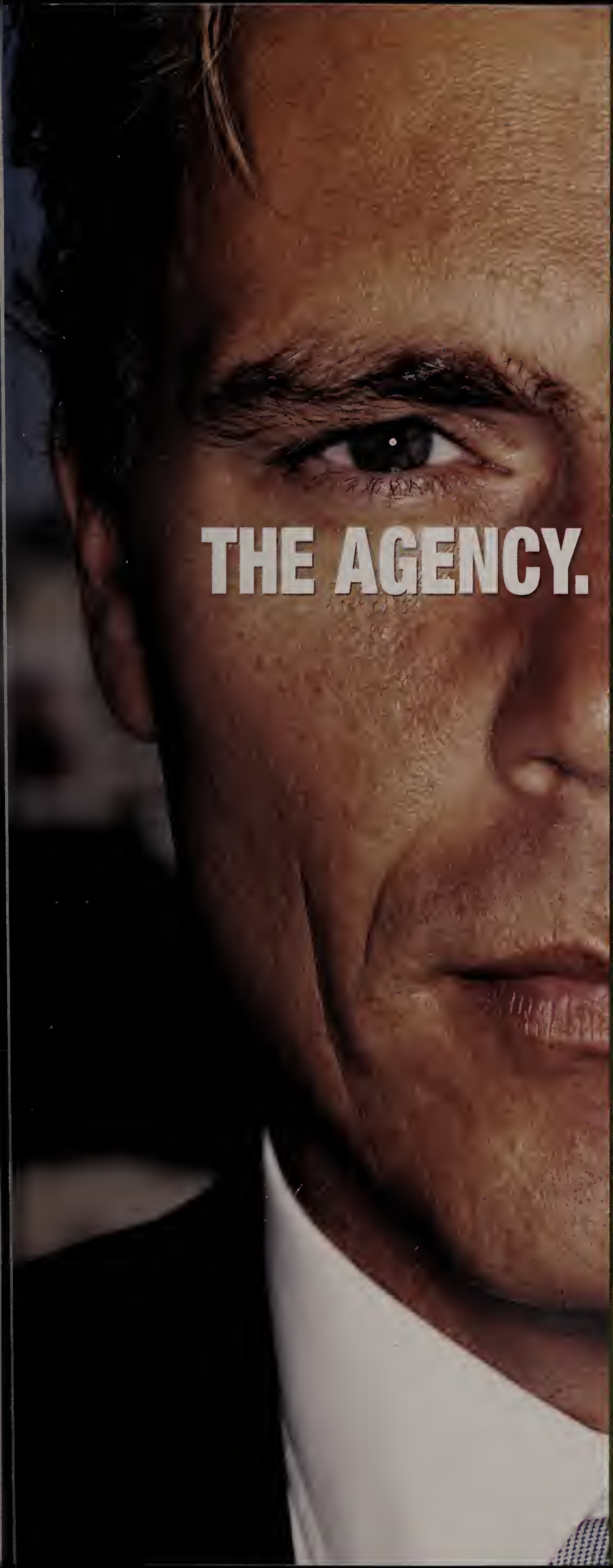
What marketing promotions are you planning to use during the holiday season?



SOURCE: WebTrends

*Such as free gift with purchase **Such as buy two, get one free
Note: Respondents could select all that applied.

PHOTO BY VISUAL SYMBOLS LIBRARY



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SHELF LIFE

Brave New Branding World

Two books tackle new technologies and strategies

HOW DO YOU BUILD A POWERFUL IMAGE for your brand in an age of fragmented audiences and new marketing technologies and tactics? That's a tough question to answer these days—and these two books examine different aspects of it.

Branding Unbound: The Future of Advertising, Sales, and the Brand Experience in the Wireless Age, by Rick Mathieson (Amacom, 2005, $24.95), looks at the question of new marketing technologies—specifically, wireless. A common misconception about wireless marketing, according to Mathieson, is to think in terms of cell phones barraged by unsolicited messages from local businesses as the phone owner walks down the street. Instead, he notes, most experts think that, in wireless marketing, "communication must be driven by the consumer responding to a promotion or on an opt-in basis" to avoid a consumer backlash.

Mathieson's book focuses on the ways in which wireless-related technological changes can create opportunities for marketers. Examples include a Kellogg's promotion where consumers could send a text message via mobile phone to enter a sweepstakes or join a trivia game, and the "mobile electronic billboards" on taxicabs (powered by wireless technology and GPS systems) that allow companies to target their advertising block by block.

Branding Unbound provides a handy overview of a broad range of wireless-enabled technological developments that could affect marketing, as well as descriptions of how companies have used them. The book is written for a nontechnical audience and has copious endnotes, so if a technique or case study interests you, you can probably track down more information about it. It also includes an expert Q&A in most chapters, so readers also get brief thoughts about marketing in a wireless age from the likes of Seth Godin and Don Peppers.

While Mathieson's book focuses on one aspect of branding and recounts lots of tactics and details, **The Breakaway Brand: How Great Brands Stand Out,** by Francis J. Kelly III and Barry Silverstein (McGraw-Hill, 2005, $29.95), has a much greater emphasis on big-picture branding issues. Written by two executives from the advertising agency Arnold Worldwide, this book tries to identify the characteristics of brands that break away from the pack and excel. Some of the first half of the book, while appropriate for a general business audience, seems a little basic for savvy CMOs, who probably don't need to be told, for example, that brand extension is a common marketing strategy for consumer products. What's more, a number of the less-famous organizations identified by the authors as having achieved "breakaway" status turn out to be ones for whom Arnold has done work.

However, the holiday season draws near, and if there is anyone on your executive team—whether CEO, CFO, COO or CIO—who just never seems to grasp the importance of branding and marketing, *The Breakaway Brand* could be a great gift for that person. It's a solid primer on branding in today's changing world, and it includes a key chapter that any marketing skeptic—and, actually, many executive teams—should read; that chapter is about the importance of commitment from the top to building a great brand. On that point, many CMOs will no doubt agree.

—Martha E. Mangelsdorf

More Recommended Readings

Branding is one of the building blocks of marketing. Here are the five top-selling books on the subject at Amazon.com:

1 **Life After the 30-Second Spot: Energize Your Brand With a Bold Mix of Alternatives to Traditional Advertising**
By Joseph Jaffe (John Wiley & Sons, $29.95)

2 **Designing Brand Identity: A Complete Guide to Creating, Building, and Maintaining Strong Brands**
By Alina Wheeler (John Wiley & Sons, $39.95)

3 **The Brand Gap: How to Bridge the Distance Between Business Strategy and Design**
By Marty Neumeier (New Riders, $14.95)

4 **The 22 Immutable Laws of Branding**
By Al & Laura Ries (Collins, $18.95)

5 **Lovemarks: The Future Beyond Brands**
By Kevin Roberts (powerHouse Books, $27.50)

SOURCE: Amazon.com
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what is SEO?

YOU'RE THE CMO OF A COMPANY that makes blue widgets. But when you enter the phrase "blue widget" in a major search engine, your website pops up in the 4,500th spot on the results list. Talk about a visibility problem: A study conducted by The Pennsylvania State University, published in 2003, found that 54 percent of users review only the first page of search results, and 19 percent stop after the second page. Clearly, poor search engine ranking is costing the company business. The remedy? You can't write to Google or Yahoo and ask them to please, pleeeeease rank your site higher for "blue widget" searches. Search engines use complex, secret and ever-changing mathematical algorithms to rank sites. To improve a website's search rank, marketers can turn to search engine optimization, or SEO.

How does SEO work?

"SEO is the attempt to modify something about your website to improve the quality of your organic or algorithmic rankings at the big search engines," says Eric Peterson, a JupiterResearch senior analyst. That sounds straightforward enough, but the devil is in the details. SEO expert Shari Thurow says the first step is to build a user-focused site. This may sound obvious, but many companies fail the test, says Thurow, author of *Search Engine Visibility*. "There is a complete overemphasis on positioning. Just because you have a number-one position doesn't mean you'll get qualified leads, and it doesn't mean you'll close the sale," says Thurow, webmaster and marketing director of search engine marketer GrantasticDesigns.

Simply put: You gain nothing from a site that ranks high on search engines but turns off visitors.

What are some basic SEO principles?

A website built with users in mind is likely to fare well with the software "spiders" that search engines use to index content and rank sites, Thurow says. The three building blocks of such a site are:

Text: Use content that includes words and phrases your company's target audience is likely to type into search queries. If you're selling mountain bikes, that term should be everywhere—in page headings, navigation buttons, photo captions and the like.

Links: A site's navigation scheme should be accessible, coherent and consistent so that spiders and humans can easily traverse it.

Popularity: A good site will prompt others to link to it. External links from reputable sites will enhance your website's ranking in search engines.

Why should a company bother to use SEO if it can buy pay-per-click ads?

A company can always buy pay-per-click (PPC) ads on search engines. These ads appear whenever users query specific keywords. However, JupiterResearch has found that the average company gets about 80 percent of its commercial search engine referrals from organic results and the rest from PPC ads. So while PPC ads can complement organic search results, particularly when doing seasonal promotions, they are no substitute.

How much should a company expect to spend on SEO consulting work?

It depends on the size of the website and the condition it's in, says Chris Winfield, president and cofounder of search engine marketer 10e20. Most of his company's clients sign up for a year's service, paying between $5,000 and $15,000 per month, plus sometimes an initial, one-time fee, he says.

What should CMOs look for when evaluating SEO consultants?

In addition to checking the obvious—references, expertise and resources—it's critical to hire a consultant who abides by a search engine's SEO guidelines. Avoid search engine marketing firms that offer to elevate rankings for a low, one-time fee, since the only way to legitimately guarantee top positioning is with a PPC ad. Unscrupulous firms typically try to trick search engine spiders by employing so-called black hat techniques, such as stuffing a website with hidden keywords. When a search engine detects such a trick, it will ban the site from its index. Then no amount of SEO will make it appear.

–Juan Carlos Perez

NUMBER CRUNCH

21.04

Average number of seconds consumers watch a 30-second online video ad before shutting it off. That's the equivalent of viewing 70% of the ad.

SOURCE: Klipmart

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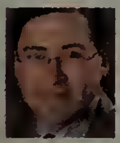
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Unhappy Meals

BY LEW McCREARY

How come no one wants to be niched?

THERE WAS A "FAMILY RESTAURANT" in my hometown of Cleveland called Clark's. It wasn't a chain—there was just the one. It held various pleasures for a clientele that spanned the generations. For me and my siblings, there was a "toy chest" whose cheesy contents were available to kids who cleaned their plates. For my mother there was a decent salad; for my father a decent martini. And for my grandfather, who was brought up in the hotel his father ran and thus accustomed to ordering every meal from a menu, Clark's was where he went whenever his long-suffering wife produced a dinner that was not to his liking, leaving the rest of his family behind to console my chagrined grandmother.

Clark's had something for everyone. I don't especially recall the menu, though I believe it fell somewhere upscale of Howard Johnson's (another of my iconic dining-out experiences) and a little downscale of nearby Stouffer's, which had several restaurants locally and was the actual birthplace of the frozen food brand.

My colleague Derek Slater got me thinking about this recently when he groused that a ribs joint he likes has reengineered its menu to de-emphasize its specialty and diversify its appeal. As Derek put it, "They've sort of TGI Friday'd the place." What that means to Derek is that the place has become much more like lots of others.

I find this trend—if indeed that's what it is—a little perplexing. If people who love good ribs reliably fill your tables, why would you seek to eradicate a good differentiated position and become just like someplace else? I'm guessing there's a load of market research and restaurant consulting lurking behind the scenes of these sorts of changes. Perhaps research shows that the love of ribs is generally on the wane in the non-barbecue-obsessed Northeast. Perhaps that wane is especially pronounced in the Metrowest suburbs of Boston. Perhaps the ultimate goal of profitable restauranting—larger checks and faster table turns—is better served by flash-frozen, portion-controlled dishes that can be quickly prepared than by slow-cooked succulent racks of pork and beef ribs. And, finally, maybe the high and stable percentage of restaurant diners who don't much care for ribs would therefore never set foot in Tony Buffaloni's Rib Room because of its specialty reputation.

But to customers like Derek who go to Tony B's precisely for the ribs, the message of menu diversification is disquieting. Will those hitherto trademark ribs become also-rans on a new menu now stocked with chicken cordon bleu, pasta primavera and Cobb salad? When specialty status is decommissioned, does the quality of the erstwhile specialty become the first casualty?

When my kids were little, Pizzeria Uno was a nice little haven where grown-ups and kids alike could pretty much get what they wanted without being treated like pariahs. In restaurant terms, pariah status entails being led to some drafty romper room where parents with kids are segregated from the adult-only majority, often under the slow-moving dominion of an embittered waitperson—possibly someone being punished for not pushing the featured eggplant entrée with sufficient zeal. (Honeymooning in Paris, I discovered the tourist version of pariah status in some swank bistro where, mysteriously, all of the Etats-Unis types ended up seated together near the kitchen door. We joked about it with each other. The service sucked imperiously.)

At Pizzeria Uno, pizza was always the most prominently featured category of dish, along with a half dozen or so items for kids. Kids were (and still are) treated very decently there. About a decade ago, Pizzeria Uno became Uno's Chicago Bar and Grill. The menu expanded but kept fairly close to its pizzeria roots. Now it's become the Uno Chicago Grill (based in Boston, I might add). It features a brand-new menu whose more grown-up appearance suggests some impulse to make the place a little less eagerly embracing of the Tiny-Dino-loving urchin classes. (When and if the crayons disappear we'll know for sure.) There are large, loving photographs of fancy mixed drinks, wines and martinis. This new menu also de-emphasizes pizza, which doesn't show up until page nine of 12.

In truth, the chain has been gradually diversifying its offerings for years. But if the menu is—as the restaurant consultants like to say—the main instrument of internal marketing, I infer from this latest model (*www.unos.com/great.html*) that Uno is striving for a much broader reach and putting some distance between itself and its deep-dish Chicago-style heritage.

In fact, it's becoming just the kind of place my grandfather would repair to in a huff after disapproving of my grandmother's pot roast. ●

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